

MANDENI MUNICIPALITY (KZN 291) mSCOA ANNUAL BUDGET 2019/20 MTREF



MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading	kWh	kilowatt
ASGISA	Accelerated and Shared Growth Initiative	ℓ	litre
BPC	Budget Planning Committee	LED	Local Economic Development
CBD	Central Business District	MEC	Member of the Executive Committee
CFO	Chief Financial Officer	MFMA	Municipal Financial Management Act Programme
CM	Municipality Manager	MIG	Municipal Infrastructure Grant
CPI	Consumer Price Index	MMC	Member of Mayoral Committee
CRRF	Capital Replacement Reserve Fund	MPRA	Municipal Properties Rates Act
DBSA	Development Bank of South Africa	MSA	Municipal Systems Act
DoRA	Division of Revenue Act	MTEF	Medium-term Expenditure Framework
DWA	Department of Water Affairs	MTREF	Medium-term Revenue and Expenditure Framework
EE	Employment Equity	NERSA	National City Regulator South Africa
EEDSM	Energy Efficiency Demand Side Management	NGO	Non-Governmental organisations
EM	Executive Mayor	NKPIs	National Key Performance Indicators
FBS	Free basic services	OHS	Occupational Health and Safety
GAMAP	Generally Accepted Municipal Accounting Practice	OP	Operational Plan
GDP	Gross domestic product	PBO	Public Benefit Organisations
GDS	Gauteng Growth and Development Strategy	PHC	Provincial Health Care
GFS	Government Financial Statistics	PMS	Performance Management System
GRAP	General Recognised Accounting Practice	PPE	Property Plant and Equipment
HR	Human Resources	PPP	Public Private Partnership
HSRC	Human Science Research Council	PTIS	Public Transport Infrastructure System
IDP	Integrated Development Strategy	RG	Restructuring Grant
IT	Information Technology	RSC	Regional Services Council
kl	kilolitre	SALGA	South African Local Government Association
km	kilometre	SAPS	South African Police Service
KPA	Key Performance Area	SDBIP	Service Delivery Budget Implementation Plan
KPI	Key Performance Indicator	SMME	Small Micro and Medium Enterprise

Part 1 – mSCOA Annual Budget

1.1 Mayor's Report

ADDRESS BY HER WORSHIP, THE DEPUTY MAYOR OF MANDENI MUNICIPALITY CLLR PM SISHI ON THE OCCASION OF THE TABLING OF DRAFT INTEGRATED DEVELOPMENT PLAN AND DRAFT MSCOA BUDGET FOR 2019/20 FINANCIAL YEAR AT ISIBUSISIWE COMMUNITY HALL, 04 APRIL 2019

**Honourable Speaker,
Hon Mayor in absentia,
Chairperson of MPAC and Chairperson of Women's Caucus
Members of the Executive Committee
Honourable Councilors
Municipal Manager
Senior Managers, Managers and Staff Members
Respected Members of the Public, Distinguished Guests and other Stakeholders**

It gives me a great honor and gratitude to stand in front of this house to table the Draft Municipal Strategic Plan which is the Integrated Development Plan (IDP) together with the Financial Resource Plan or Budget for 2019/20 which will be a tool to enable the municipality to continue with its Mandate which is service delivery. Both these Municipal Strategic plans are submitted in line with the guidance of both the Local Government Municipal Systems Act, 32 of 2000 and Local Government Municipal Finance Management Act, 56 of 2003.

We have noted the national priorities and areas of focus by the National and Provincial spheres of Governments having recently received the State of the Nation address by His Excellence President of the Republic of South Africa, Mr Cyril M Ramaphosa and the State of the Province Address by the Hon Premier of the Province of KwaZulu-Natal, Mr Willies Mchunu. In his 2019 State of the Nation Address, State President His Excellency, Mr Cyril Ramaphosa reminded us that, "We must spend this year, the 25th anniversary of our freedom, asking ourselves whether we have built a society in which all South Africans equally and without exception enjoy their inalienable rights to life, dignity and liberty". Guided by this sentiment, we will use this time to reflect on the progress we have made, the challenges we have encountered, the setbacks we have suffered, and the mistakes we have committed.

Also, the Municipality in the process of preparing the Draft IDP and Budget for 2019/20 Financial Year further took note from the Budget Speeches for 2019 by both the Hon Minister of Finance, Mr Tito Mboweni and Hon MEC for Finance in the Province of KwaZulu Natal Ms Belinda Scott of critical note is the GDP growth of South Africa in 2019 which is forecast at 1.5% which does not give much flexibilities for economic growth through appropriate investment on infrastructure thus creation of more jobs opportunities. Madam Speaker, in her conclusion remarks MEC for KZN Finance, Ms Belinda Scott when she delivering a provincial adjustment estimated budget speech, she reminded us to act decisively in adhering to the cost cutting measures. As a municipality we have already put cost containment measures in place to curb excessive and wasteful expenditure.

Madam Speaker, it must be noted that the Council when it took its term of Office in 2016, it embarked on a Strategic Planning Session which yielded on a 5 Year Municipal Strategic Framework or Integrated Development Plan which outlined the areas of service delivery by this Council which was eventually adopted by Council as its business focus area. In preparation of the review of the IDP for 2019/20, the approach was to consider such Five Year Outline Plan and inputs from various Communities as consulted between September and November 2018.

The Municipality took note of the budget resources allocation through National Fiscus which is proclaimed in terms of the Division of Revenue Act (DoRA) and it is quite clear that Government finances are under pressure hence impact of municipal budget allocations and the ability to collect enough revenue on rates and taxes in order to deliver sustainable services to its communities.

The Municipal Draft Integrated Development Plan for 2019/20 indicates that the Municipality will continue to invest on new infrastructure development in the form of construction of new Roads and Storm Water particularly within Inyoni Housing Project, rehabilitation of existing Road which is Nembe Road (portion that is within Sundumbili Township) and this project will commence before the end of the 2018/19 Financial Year; roll-out of electrification of households through INEP Programme; rehabilitation and maintenance of electricity infrastructure, rural roads and Community Facilities as well as construction of RDP Houses in various areas like Macambini, Inyoni and Isisthebe.

Madam Speaker, the process of preparing the Draft MSCOA Budget for 2019/20 took into consideration the DoRA principles where all funds to be received by the Municipality from both National and Provincial Governments were gazetted on both National and Provincial Gazettes.

The Municipality further took note of various MFMA Circulars issued by National Treasury which further provided guidance on the preparation of the 2019/20 Draft MSCOA Budget Medium Term Revenue and Expenditure Framework (MTREF). One critical Circular issued by National Treasury is the Municipal Budget Circular 94 for 2019/20 MTREF which gives guidance to Municipalities on compilation of budgets and national policy imperative to be considered as well. The Circular further provides guidance to Municipalities to take note of the economy and inflation targets which will in turn inform the percentage increase in terms of Municipal Tariffs and the projections are outlined as follows:

Fiscal Year	2018/19 (Actual)	2019/20	2020/21	2021/22
CPI Inflation	4.7%	5.2%	5.4%	5.4%
Real GDP Growth	0.7%	1.5%	1.7%	2.1%

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality hence a proposed increase of 5.2% on Municipal Tariffs. The National Energy Regulator of South Africa published their new multi-year price determination from 2019/20 to 2021/22 on 7th March 2019. The NERSA document proposes an 8 per cent guideline increase for municipal electricity tariffs for 2019/20.

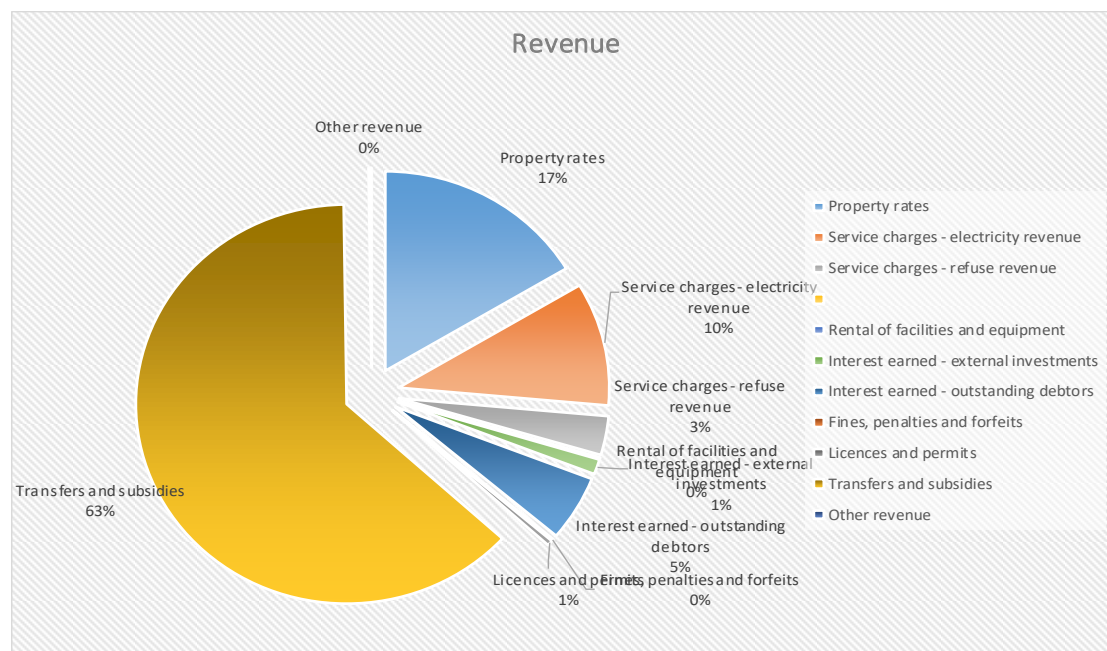
Madam Speaker, according to DoRA, the Municipality during 2019/20 Financial Year will receive a total of R216 487, 000.00 from National Government where equitable share will be R167 483 000 which has increase by R20.6 mil compared to last Financial Year; Municipal Infrastructure Grant (MIG) will be R35 369 000 which has increase by R663 000 compared to 2018/19; Finance Management Grant (FMG) will be R1 900 000 which is same amount as 2018/19; EPWP Grant will be R2 234 000 which has been reduced by R21 000 compared to 2018/19 and INEP will be R9 500 000 which has been increased with R2 174 000.00.

The total grants to be received by the Municipality from the Provincial Government will be R7 368 000 and it is consists of Library Grant which will be R 3 868 000 which shows a reduction of R864 000 compared to 2018/19 allocation and the municipality will further receive R3 500 000 from Provincial Cogta of which R1 mil will be for Spatial Development Framework and R2.5 mil for Nodal Plans and these are new grants allocations.

The Municipality has also budgeted for its own revenue which will be generated through charging of property rates which will be R49.5 million; Service charges on electricity which is R30.1 mil; Service charges on refuse collection which will be R9.5 mil; Rental facilities and equipment will be R258 000.00; interest earned on investments will be R3.6mil; interest earned on outstanding debtors will be R15.9 mil; fines and penalties will be R405 000 and Licenses and Permits will be R1.3 mil. The Total Municipal Revenue including transfers and subsidies will R301 372 000.00. It must be noted Madam Speaker that the total operating revenue has increased by 14.5 per cent or R38.3 million for the 2019/20 financial year when compared to the 2018/19 Adjustments Budget. For the two outer years, operational revenue will increase by 4.2 and 7.1 per cent respectively, equating to a total revenue growth of R73.6million over the MTREF when compared to the 2018/19 financial year.

Madam Speaker, it must be noted that the capital budget for 2019/20 is R69.4 million which shows a decrease by 2.6 per cent when compared to the 2018/19 Adjustment Budget. The reduction is due to affordability in the light of the current economic circumstances. A substantial portion of the capital budget will be funded from government grants. The balance will be funded from internally generated funds from cash backing reserves.

Madam Speaker, when you look at the Municipal revenue forecast, it shows that the municipality still depends mainly on grants where 63% of its revenue will be in the form of grants and the property rates will contribute 17% of total municipal revenue and electricity to contribute 10% of the total revenue. Madam Speaker, it is a known fact that the level of payment for rates and services by the residents mainly remains low and we shall all strive to work hard in encouraging the residents to pay for rates and services they are receiving from the municipality in order to realise projected revenue and in turn be able to deliver all projects and programmes as outlined in the Municipal Draft Integrated Development Plan for 2019/20.



Madam Speaker, in term of the Municipal expenditure forecast, it is expected that a total amount of R296 289 000 will be spent towards operating expenditures and service delivery related programmes.

Of critical note is the total expenditure by the Municipality towards Employee related costs combined with remuneration of Councillors takes up to 38% of operating expenditure and the rest goes toward services, assets and materials. The Municipality can only be in a position to reduce this percentage on expenditure on employee related costs through increase in its own revenue hence the need for more effort towards revenue enhancement strategies.

Madam Speaker, if I may be allowed just to reflect briefly some of the capital projects to be implemented during the 2019/20 Financial Year, the Council has set aside R9.8 mil for the rehabilitation or improvement of INembe Road (Ward 12, 13,14 and 15); R11.3 mil for Phase 4 Civil works for Inyoni Housing (Ward 10); R2.4 mil for Construction of Swimming Pool in Ward 15; Recreational Facility in Ward 12 and R800 000.00 has been set aside; R4 mil for the construction of Drivers Licence and Testing Centre; R1.5 mil set aside towards Municipal Cemetery establishment; R9.04 mil and R10 mil to be received from the Department of Human Settlements for the construction of houses for Isithebe Rural Housing Project and Inyoni Urban housing project respectively.

Madam Speaker it must be further noted that the municipality has made provision in terms of budget for other various programmes such as Youth related Programmes which is directly allocated a total of R2.37 million and this excludes other Youth related programmes to be implemented through other departments like LED and Library related services etc.

Futhi mama Somlomo, ngingakuqinisekisa ukuthi uMkhandlu usizwile isikhalo ngokuntuleka kwemali ebhekelele izinhlelo zokuthuthukisa umphakathi ohlukahlukene, ngingasho ukuthi kubekwe imali engu R2.1 mil ezoqondana nezinhlelo ezithinta uOperation Sukuma Sakhe, HIV and Aids Programmes, ezithinta izinhlelo zobulili ikakhulukazi abantu be sifazane, nezingane, uhlelo lokuya emkhosini womhlanga, Abantu abaphila nokukhubazeka, ezithinta abantu asebekhulile Kanye nezinye eziningi.

In conclusion I wish to state that this Budget Speech represents an executive summary of our Municipality's mSCOA Budget for 2019/20 Financial Year and captures key factors. Details are distributed with the Budget Report and it is presumed that all members of this Council have acquainted themselves with details thereof.

Madam Speaker, it is now my privilege and honour to Madam Speaker to present to this Council and the Community of Mandeni at large, the Draft Municipal 2019/20 Integrated Development Plan and Total Draft MSCOA Budget of R370 865 000.00 where R301.3mil will be for operational expenditure and R69.4 million will be for capital expenditure.

Somlomo ngiyaxusa wonke amalunga onMkhandlu kanye nabasebenzi ukuthi siphume siye emphakathini siyowuthulela loluhlaka lentuthuko edidiyelwe kanye nohlahlo lwabiwo mali luka 2019/20 ukuze sithole izimvo zomphakathi lapho befisa sihlengahlengise khona ngaphambi kokuba kuphasisiwe ngasekupheleni kwinyanga kaNhlabha (May) ka2019.

Ngiyabonga,

CLLR.P.M. SISHI, DEPUTY MAYOR

1.2 Council Resolutions

Resolution No: C88

COUNCIL:04/04/19

On the **04th April 2019** the Council of Mandeni Municipality met at Sibusisiwe Hall in Mandeni to consider the mSCOA Annual Budget of the municipality for the financial year 2019/20. The Council approved and adopted the following resolutions:

1. The Council of Mandeni Municipality, acting in terms of section 16(2) of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The mSCOA Annual Budget of the Municipality for the financial year 2019/20 and the multi-year and single- year capital appropriations as set out in the following tables of the budget document:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 13 on page 20;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 14 on page 22.
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 15 on page 24; and
 - 1.1.4. Multi-year and single-year capital appropriations by Municipal vote and standard classification and associated funding by source as contained in Table 16 on page 27.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables of the budget document:
 - 1.2.1. Budgeted Financial Position as contained in Table 17 on page 28;
 - 1.2.2. Budgeted Cash Flows as contained in Table 18 on page 30;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 19 on page 30;
 - 1.2.4. Assets management as contained in Table 20 on page 33; and
 - 1.2.5. Basic Service delivery measurement as contained in Table 21 on page 35.
 - 1.3 The Council of Mandeni Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves Schedule of Tariffs
 - 1.3.1. Schedule of tariffs– as set out in Annexure B,
2. The Council of Mandeni Municipality, acting in terms of Section 16 of the local government: Municipal Finance Management Act (Act 56 of 2003) approves and adopts with effect from 1st July 2019 the reviewed budget related policies.
3. The Council resolves to approved the Service Level Standards as per MFMA circular No.72

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 51, 54, 58, 59, 66, 67, 70, 71, 72, 74, 75, 78, 79, 82, 85, 86, 89, 91, 93 and 94 were used to guide the compilation of the 2019/20 & MTREF.

The main challenges experienced during the compilation of the 2019/20 & MTREF can be summarized as follows:

The ongoing difficulties in the national and local economy;
Aging and poorly maintained electricity, roads and municipal infrastructure;
The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
Wage increases for municipal staff that continues to exceed consumer inflation, as well as the need to fill critical vacancies;
The continued difficulty in collecting all that is due to the municipality by consumers: and
Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2019/20 MTREF process.

The following budget principles and guidelines directly informed the compilation of the 2019/20 MTREF:

The 2018/19 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2019/20 annual budget;
Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
The commitments made with Auditor General in maintaining the clean audit initiatives;
The need to fulfill the municipal mandate on the provision of services on disaster management and public safety;
Tariff and property rates increase should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity.
In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

Municipal Standard Chart of Accounts (mSCOA)

The mSCOA Regulations applied to all municipalities and municipal entities with effect from 1 July 2017. Mandeni municipality has compiled its 2019/20 MTREF Budget transacting across all the mSCOA seven segments in Version 6.3 as per Circular 94. Furthermore, we have ensured a seamless integration of the Integrated Development Plan (IDP), Service Delivery and Budget Implementation Plan (SDBIP) and Budget facilities into the core financial system as these documents create a point of departure for the transacting. Mandeni municipality has tabled the 2019/20 MTREF and IDP and Budget in an mSCOA classification framework and the data string (IDP and Budget) will be uploaded to the LG Database portal on the 28th March 2019. The municipality has also ensured that our main core system (SAGE Evolution) and all subsystems are integrating seamless.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2019/20 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2019/20 & MTREF

KZN291 Mandeni - Table A1 Budget Summary					
Description	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure		
	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands					
Total Revenue (excluding capital transfers and contributions)	246,862	262,054	301,372	314,323	336,863
Total Expenditure	247,900	263,092	296,288	309,119	331,322
Surplus/(Deficit)	(1,038)	(1,038)	5,083	5,204	5,541
<u>Capital expenditure & funds sources</u>					
Capital expenditure	56,547	71,381	69,493	47,202	39,839

Total operating revenue has increased by 14.2 per cent or R37.3 million for the 2019/20 financial year when compared to the 2018/19 Adjustments Budget. For the two outer years, operational revenue will increase by 4.3 and 7.2 per cent respectively, equating to a total revenue growth of R74.8million over the MTREF when compared to the 2018/19 financial year.

Total operating expenditure for the 2019/20 financial year has been appropriated at R296, 3 million and translates into a surplus budget of R5.1 million. Operational expenditure has grown by 12.7 per cent in the 2019/20 budget and by 4.3 and 7.2 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years steadily increases to R5.5 million. The municipality has reprioritized its operational expenditure to be able to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R69.4 million for 2019/20 has decreased by 2.6 per cent when compared to the 2018/19 Adjustment Budget. The capital programme decreases to R47.2 million from 2019/20 financial year and then decreases in 2021/22 to R39.8 million.

The reduction is due to affordability in the light of the current economic circumstances. A substantial portion of the capital budget will be funded from government grants. The balance will be funded from internally generated funds from cash backing reserves.

1.4 Operating Revenue Framework

For Mandeni Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's reviewed revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 68 per cent annual collection rate for property rates and other key service charges;
- The Municipality tariff increases as approved by the National Energy Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- The Tariff policies of the Municipality.

The following table is a summary of the 2019/20 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description	Re	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
Revenue By Source										
Property rates	2	27,408	30,557	52,422	47,732	47,732	47,732	49,509	52,182	55,000
Service charges - electricity revenue	2	13,186	13,399	24,589	20,394	23,894	23,894	30,140	31,767	33,483
Service charges - water revenue	2	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue	2	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue	2	6,339	7,750	8,928	8,393	9,043	9,043	9,510	10,023	10,564
Rental of facilities and equipment		286	241	344	271	271	271	258	272	286
Interest earned - external investments		3,627	2,961	3,033	2,900	2,900	2,900	3,690	3,889	4,099
Interest earned - outstanding debtors		9,766	9,864		4,400	13,060	13,060	15,975	16,838	17,747
Dividends received						—	—			
Fines, penalties and forfeits		32	350	377	500	500	500	405	427	450
Licences and permits		1,123	1,175	1,197	1,472	1,372	1,372	1,320	1,391	1,466
Agency services						—	—			
Transfers and subsidies		177,133	181,232	191,900	161,481	163,813	163,813	189,900	196,832	213,027
Other revenue	2	11,785	31,935	697	356	506	506	665	701	739
Gains on disposal of PPE										
Total Revenue (excluding capital transfers and contributions)		250,685	279,465	283,486	247,900	263,092	263,092	301,372	314,323	336,863

Table 3 Percentage growth in revenue by main revenue source

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)									
Description	Ref	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure					
		Adjusted Budget	%	Budget Year 2019/20	%	Budget Year +1 2020/21	%	Budget Year +2 2021/22	%
R thousand	1								
Revenue By Source									
Property rates	2	47,732	18.14	49,509	16.43	52,182	16.60	55,000	16.33
Service charges - electricity revenue	2	23,894	9.08	30,140	10.00	31,767	10.11	33,483	9.94
Service charges - water revenue	2	—	-	—	-	—	-	—	-
Service charges - sanitation revenue	2	—	-	—	-	—	-	—	-
Service charges - refuse revenue	2	9,043	3.44	9,510	3.16	10,023	3.19	10,564	3.14
Rental of facilities and equipment		271	0.10	258	0.09	272	0.09	286	0.09
Interest earned - external investments		2,900	1.10	3,690	1.22	3,889	1.24	4,099	1.22
Interest earned - outstanding debtors		13,060	4.96	15,975	5.30	16,838	5.36	17,747	5.27
Dividends received		—	-	0.0%	-	—	-	—	-
Fines, penalties and forfeits		500	0.19	405	0.13	427	0.14	450	0.13
Licences and permits		1,372	0.52	1,320	0.44	1,391	0.44	1,466	0.44
Agency services		—	-	—	-	—	-	—	-
Transfers and subsidies		163,813	62.26	189,900	63.01	196,832	62.62	213,027	63.24
Other revenue	2	506	0.19	665	0.22	701	0.22	739	0.22
Gains on disposal of PPE									
Total Revenue (excluding capital transfers and contributions)		263,092	100%	301,372	100%	314,323	100%	336,863	100%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise just below one thirds of the total revenue mix. In the 2019/20 financial year, revenue from rates and services charges totaled R89.2 million or 29.6 per cent. This increases to R93.9 million and R99.0 million in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from rates and service charges which increases from 10.5 per cent in 2019/20 to 5.4 percent in 2021/22.

The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 53 MBRR SA1 (see page [112](#)).

Property rates are the second largest revenue source totaling to 16.4 per cent or 49.5 million and increases to R55.0 or 16.3 per cent by 2021/22. The third largest source is service charges from electricity revenue source totaling to 30.1 or 10.0 percent, contributing is the NERSA guideline that proposes increase of 7.3 per cent for municipal electricity tariffs for 2019/20.

Operating grants and transfers totals R189.9 million in the 2019/20 financial year and steadily increases to R213.0 million by 2021/22. Note that there is an increase of 15.9 per cent for the 2019/20 financial year and the year-on-year growth is 3.7 per cent and then increase 8.2 per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

KZN291 Mandeni - Supporting Table SA18 Transfers and grant receipts									
Description	Re	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:	1, 2								
Operating Transfers and Grants									
National Government:		129,688	138,339	148,586	157,762	157,762	181,117	192,745	208,695
Local Government Equitable Share		119,361	122,874	134,192	146,821	146,821	167,483	181,360	196,795
Finance Management		1,755	1,944	2,378	1,900	1,900	1,900	1,900	1,900
EPWP Incentive		1,800	1,825	1,900	2,255	2,255	2,234		
Integrated National Electrification		5,832	11,695	9,985	6,786	6,786	9,500	9,485	10,000
Municipal Systems Improvement		940		131					
Other transfers/grants [insert description]		-							
Provincial Government:		3,559	8,568	2,480	3,719	5,282	7,368	4,087	4,332
Library Grant		1,560	2,006	2,480	2,514	3,585	1,228	1,315	1,408
Provincialization of Government					1,147	1,147	2,640	2,772	2,924
Sport and Recreation		275	43		58	50			
GIS Pertinent Grant						500			
Nodal Plans							2,500		
Spatial Development Framework Support			322				1,000		
Massification		1,723	6,198						
District Municipality:		-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	133,247	146,907	151,065	161,481	163,044	188,485	196,832	213,027

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of 3- 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are moderate this year at 8 per cent. Given that these tariff increases are determined by external agencies, the impact they have on the municipality and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.5 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance and Traditional affairs. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. All these pieces of legislation have been taken into consideration during this budget process.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA)
- An Additional R85 000 of the Market Value of a property used for residential purposes is excluded from the rate-able value
- Furthermore, all properties with a Market Value below the R130 000 are exempt from paying property rates
- We have also proposed a 50% rebate on all agricultural properties and a 40% rebate on all industrial properties
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy; for pensioners, physically and mentally disabled persons, a maximum/total rebate of 100 per cent will be granted to owners of rate-able property
- In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependents without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.

The Municipality has in the last financial year successfully implemented the new valuation roll. The number of properties have remained the same as 2018/19 financial year a number of 7093 as the municipality has not conducted Supplementary Valuation Roll that will give changes on the GV as it will be done in 2019/20 financial year.

Following the implementation of the new valuation roll, we were advised by COGTA to ensure that we take into account the issue of rate shock. It was clear that there was a significant increase in the Market value of properties subsequently an increase in the Rateable value. Any increase in the tariff of charges would have had a serious negative impact on consumers, which might have resulted to a resistance on the part of consumers. We then decided not to effect any changes in these tariffs. We are therefore proposing a slight increase of 5.2% for the year 2019/20.

The PSI and Agricultural tariffs have been revised to be in accordance with the regulation which stipulate that it should be 1:4 of the residential tariff

Revenue forgone has increased to R15,9 million in the 2019/20 which has taken into consideration the indigent customers and pensioners under residential category, phasing discount for PSI properties, as we are in the fourth year of phasing out, Agricultural and Industrial categories.

Property rates increased from R47.7 to R49.5 million in the 2019/20 financial year by 3.72 per cent from the 2018/19 adjustment budget. Increase in property rates has considered the increase in other tariffs by 5.2 per cent and adjustments and also the PSI and Agricultural tariffs have been revised to be in accordance with the Government Gazette no.33016 Regulation 195 of 2010 which stipulate that they should be aligned with 1:4 of the residential tariff, therefore it was necessary for the municipality to revise its tariffs and budget.

The breakdown of the calculation applied in obtaining the budget amount has been included in the supporting document submitted. In calculating the properties rates budget, the municipality has taken into account the amendments of the MPRA.

Table 5 Comparison of proposed rates to be levied for the 2019/20 financial year

PROPERTY CATEGORY USE	CURRENT TARIFF 2018/19	PROPOSED TARIFF 2018/19
Residential	0.0126	0.0132
Industrial	0.0214	0.0225
Commercial	0.0214	0.0225
Farms Agricultural Purpose	0.0159	0.0033
State Trust Land	0.0159	0.0167
Mining Properties	0.0214	0.0225
State owned Properties	0.0200	0.0210
Municipal Properties	0.0200	0.0210
Public Service Infrastructure	0.0159	0.0033
Public benefit organisation	0.0200	0.0210
Place of Worship	0.0200	0.0210
Vacant Land	0.0200	0.0210

1.6 Sale of Electricity and Impact of Tariff Increases

The National Energy Regulator of South Africa (NERSA) published their new multi-year price determination for the period from 2019/20 to 2021/22 on 7 March 2019.

Considering the Eskom increases, the consumer tariff had to be increased by 7.3 percent to offset the additional bulk purchase cost from 1 July 2019.

Registered indigents will again be granted 50 kWh per 30-day period free of charge. In addition, those residential customers that are not registered as indigent, but that consume less than 50 kWh per 30-day period will receive 50 kWh free of charge.

It should further be noted that the municipality has adhered to NERSA's advice that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof is that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

Inclining Block Tariff

The following is the basis of the price increases that has been used in developing the rates for the (Inclining Block Tariff) IBTs as proposed by NERSA:

- Block 1 - The 2019/20 benchmarks were increased by the CPI inflation of 5.2%.
- Block 2 - The 2019/20 benchmarks were increased by the CPI of 5.2% as per the electricity tariff benchmark 5.2%
- Block 3 & 4 - The 2019/20 were increased by 5.2%, Increase is to compensate the capital programs to support the renewal of bulk infrastructure.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

Table 6 Comparison between current electricity charges and increases (Domestic)

kWh	NERSA's benchmark	Current tariff	Proposed	Customers
0 - 50	78 - 86	83.55	89.65	27
51 - 350	103 - 110	113.18	121.44	329
351 - 600	147 - 155	124.13	133.19	547
>600	176 - 182	168.59	180.90	60

Service Charges- electricity revenue has increased from R23.9 million to R30.1million in the 2019/20 financial year. Electricity revenue increase is due to the proposed increase of 7.3% by NERSA for municipal electricity tariffs and also the municipality has considered the level of demand by Umngeni Water based on actual consumption in this financial year. Electricity Revenue has also considered agreement entered into between Municipality and Tugela water works for the implementation of bulk supply for water scheme within Mandeni as we are the supply authority, the contract will also continue in the 2019/20 financial year. The agreement between Umngeni water is that the municipality will pay for consumption as per billing raised by Eskom and this will then be topped by 10 per cent to bill Umngeni as per agreement.

Then revenue has been increased by R6.2 million which equates to 26.1 per cent. The breakdown of the calculation applied in obtaining the budget amount has been categorized in the inclining block tariff, and has taken into consideration the conversion to the prepaid system that the municipality has fully implemented the system and Thukela water works level of demand. The number of households receiving the above minimum service level in respect of electricity has remained unchanged as 963 in the 2019/20 financial year.

Eskom is providing free basic electricity on behalf of the municipality to all its registered indigent beneficiaries of which they have increased from 1876 to 2000 households, an allocation for FBE has been increased from 1.0 million to R1.5 million which has considered the proposed increase of 7.3 per cent in electricity and the increase in the number of beneficiaries qualifying for free

basic electricity, furthermore we have considered the actual performance for 2018/19 financial year.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner Municipality reticulation network was designed or strengthened in the early 1980's with an expected 20-25-year life-expectancy. The upgrading of the Municipality's network has therefore become a strategic priority, especially the substations and transmission lines.

The budget for the Electricity Distribution Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply). It is estimated that special funding for electricity bulk infrastructure to the amount of R3.3 million for 2019/20 will be necessary to steer the Municipality out of this predicament.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. A funding model needs to be developed to mitigate this burden. Electricity service has been budgeted at a deficit of R2 million for 2019/20. The main contributing factor for the service to budget for deficit is due prioritization of maintaining Electricity Transformers and RMU as these assets were identified as a strategic imperative owing to the aging of the infrastructure and historic deferred maintenance as the municipality has already started with maintaining these electrical infrastructure assets. The municipality has managed addressed deficit for this service over the MTREF as the electricity infrastructure was prioritized in 2018/19 financial year

The municipality is in a process of determining its tariffs through the tariff modelling and determining all the cost drivers associated to providing this service which will then assist the municipality in ensuring that we maintain financial sustainability in the future.

1.7 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a surplus of R336 thousand.

Projected revenue constitutes of 10.1 million for billing to debtors and 636 thousand allocated from equitable share towards free basic services thus totaling 9.5 million. Projected expenditure is 1.2 million which is allocated for the contractors (hire of refuse removal truck, landfill site and refuse bags). Free basic services of R636 000 and employee cost at R6.9 million, thus projected surplus of R336 thousand is projected for this service.

A 5.2 per cent increase in the waste removal tariff is proposed from 1st July 2019. Higher increases will not be viable in 2019/20 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

Service Charges- refuse revenue have increased from R9.5 to R10.1 million in the 2019/20 financial year with an increase of 6.2 per cent, increase in this service has considered an increase in tariffs and an increase in the number of properties from 4452 to 6176 which the municipality will be providing this service. Increase in the number of properties for refuse services were

identified during data cleansing that was conducted by the municipality as it was identified that not all properties are being billed for this service.

An increase of 5.2 per cent would be counter-productive and will result in affordability, as it will also substantiate providing this service in a surplus.

Number of households for free basic refuse service have increased from 23 700 to 28 152 which has taken into consideration additional properties through the (Khenana area and also the households from Sondoni Robot to Love Life premises) that have been added as part of areas where the municipality is providing free basic service.

1.7.1 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept at 5.2 per cent.

Table 7 MBRR Table SA14 – Household bills

KZN291 Mandeni - Supporting Table SA14 Household bills									
Description	Ref	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20 % incr.	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Rand/cent									
Monthly Account for Household - 'Middle Income Range'	1								
Rates and services charges:									
Property rates		375.67	1,008.54	1,008.54	1,008.54	5.2%	1,060.98	1,118.28	1,179.78
Electricity: Basic levy		441.05	471.22	471.22	471.22	7.3%	505.62	532.92	562.23
Electricity: Consumption		2,003.43	2,140.46	2,140.46	2,140.46	7.3%	2,296.72	2,420.74	2,553.88
Water: Basic levy									
Water: Consumption									
Sanitation									
Refuse removal		121.57	134.32	134.32	134.32	5.2%	141.31	148.94	157.13
Other									
sub-total		2,941.72	3,754.55	3,754.55	3,754.55	6.7%	4,004.63	4,220.88	4,453.03
VAT on Services									
Total large household bill:		2,941.72	3,754.55	3,754.55	3,754.55	6.7%	4,004.63	4,220.88	4,453.03
% increase/-decrease		-	27.6%	-	-		6.7%	5.4%	5.5%
Monthly Account for Household - 'Affordable'	2								
Rates and services charges:									
Property rates		69.47	546.14	546.14	546.14	5.2%	574.54	605.56	638.87
Electricity: Basic levy		258.14	275.80	275.80	275.80	7.3%	295.93	311.91	329.07
Electricity: Consumption		398.19	425.43	425.43	425.43	7.3%	456.48	481.13	507.59
Water: Basic levy									
Water: Consumption									
Sanitation									
Refuse removal		121.59	128.89	128.89	128.89	5.2%	135.59	142.91	150.77
Other									
sub-total		847.39	1,376.25	1,376.25	1,376.25	6.3%	1,462.54	1,541.52	1,626.30
VAT on Services									
Total small household bill:		847.39	1,376.25	1,376.25	1,376.25	6.3%	1,462.54	1,541.52	1,626.30
% increase/-decrease		-	62.4%	-	-		6.3%	5.4%	5.5%
Monthly Account for Household - 'Indigent'	3								
Rates and services charges:									
Property rates									
Electricity: Basic levy									
Electricity: Consumption									
Water: Basic levy									
Water: Consumption									
Sanitation									
Refuse removal									
Other									
sub-total		-	-	-	-	-	-	-	-
VAT on Services									
Total small household bill:		-	-	-	-	-	-	-	-
% increase/-decrease		-	-	-	-		-	-	-

1.8 Operating Expenditure Framework

The Municipality's expenditure framework for the 2019/20 budget and MTREF is informed by the following:

Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;

Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;

The capital programme is aligned to the asset renewal strategy and backlog eradication plan;

Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

Strict adherence to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2019/20 budget and MTREF (classified per main type of operating expenditure):

Table 8 Summary of operating expenditure by standard classification item

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description	Re	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Expenditure By Type										
Employee related costs	2	68,601	72,958	77,298	84,109	84,109	84,109	97,430	102,367	107,552
Remuneration of councillors		10,159	10,990	12,666	13,442	13,442	13,442	13,762	14,505	15,289
Debt impairment	3	4,026	36,634	15,145	5,800	15,068	15,068	19,891	18,965	25,839
Depreciation & asset impairment	2	22,976	24,278	27,988	29,097	29,097	29,097	30,804	32,467	34,220
Finance charges		1,853	2,912	2,739	920	920	920	1,253	1,321	1,392
Bulk purchases	2	8,972	10,984	16,565	17,331	21,331	21,331	23,466	24,733	26,069
Other materials	8	14,017	10,530	12,233	33,070	18,015	18,015	20,595	21,391	22,546
Contracted services		23,933	18,241	15,740	16,133	22,633	22,633	24,501	25,824	27,218
Transfers and subsidies		6,824	16,762	11,518	8,329	8,329	8,329	11,636	11,737	12,373
Other expenditure	4, 5	57,016	41,739	30,185	39,670	50,149	50,149	52,950	55,809	58,823
Loss on disposal of PPE		80		(17,587)						
Total Expenditure		218,458	246,029	204,490	247,900	263,092	263,092	296,288	309,119	331,322

The budgeted allocation for employee related costs for the 2019/20 financial year totals R97.4 million, which equals 32.8 per cent of the total operating expenditure. An annual increase of 5.1 and 5.1 per cent has been included in the two outer years of the MTREF.

Employee related costs increased from R84.1 million to R97.4 million which reflects an increase of 15.8 percent. As part of the planning assumptions and interventions, increase has taken into consideration the current status of the positions filled as per the approved organogram and 10 positions have been prioritized for 2019/20 financial year. Increase in Employee related cost has taken into consideration the proposed increase of 6.5 per cent as proposed by Circular No.1/2019 for salary and wage increase for the period 1 July 2019 to 30 June 20 per Salary wage collective agreement between SALGA, and we have also considered the notch increase that is effected on an annual basis according to the wage agreement.

Furthermore, employee related costs budget has included wages for EPWP, Food for waste programme and Ingwenya nature reserve beneficiaries.

Increase in employee related costs has prioritized budget for 10 positions which are as follows:
Office of the Municipal Manager: PMS Clerk and Communications Clerk
Community services: 7 x General Assistance (to replace the deceases and retired employees)
Technical Services: Mechanic

Increase in the number of position for other municipal staff increased from 286 as per 2018/19 actual personnel numbers to 296 in the 2019/20 financial year, reflects 10 position which have been prioritized in 2019/20 financial year.

Employee related costs for Senior Managers of the municipality have been reduced from R6.4 million to R6.2 million with an adjustment of 3.8 per cent. Reduction in Senior manager's packages is due to 2 managers who were previously appointed by the municipality before the implementation of the Notice of Upper limits of total remuneration packages payable to municipal managers and managers directly accountable to the municipal manager as their contract have expired. All 6 Senior management of the municipality's budget has been budgeted in accordance with the Upper Limits of Total Remuneration Packages payable to municipal managers and managers directly accountable to municipal manager Gazette Notice No. 42023.

Employee related costs and remuneration of Councilor's have been budgeted at percentage of 37.5 percent of the total operating expenditure, which is within the norm range of 25 percent to 40 percent as per MFMA Circular No.71.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998) and is within the limits noted in Government Gazette No.42134 issued on the 21st December 2018. The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget. This includes the provision for medical aid and cellphone allowance for Councilors.

Remuneration of Councilors has increased from R13, 4 million to R13.8 million which reflects an increase of 2.4 per cent. Increase in remuneration of Councilors has considered the current year's performance as per Adjustment budget 2018/19 as we have taken into consideration the latest Notice of upper limits for Councilors as issued by COGTA.

The provision of debt impairment was determined based on an annual average collection rate of 74 per cent which has been split as follows (Property rates 68%, Electricity 95% and Refuse 60%) and the Debt Write-off Policy of the Municipality. For the 2019/20 financial year this amount equates to R19.9 million and increases to R25.8 million by 2021/22. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues. With the increasing debtors book, the majority of debt is due to Ingonyama Trust and Residential Households, budget allocated has considered this debt is irrecoverable based on the historical avenues undertaken in recovering it.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R30.8 million for the 2019/20 financial and equates to 10.3 per cent of the total operating expenditure. The implementation of GRAP 17 accounting standard has also been considered in determining budget for provision for depreciation.

Budget allocated for depreciation has considered the assumptions below:

1. Intangibles

- No anticipation that new software will be procured in the 2019-20 financial year. Since the municipality is no longer buying computers with MS Office.
- The depreciation as per the report is the true reflection of the projected depreciation.

2. Community Assets

- **Ward 5 Hall** currently sitting as WIP will only be completed in 2019/20 FY, meaning it will start depreciating in budget year under forecast.
- **Ward 5 Sportsfield** – there is no indication that construction will commence anytime soon.
- **Isithebe Modular Library** will be capitalised in the current year 2018/19.

3. Other Assets

- Machinery – Grader worth R3.8 Million was procured in 2018-19

4. Municipal buildings

- Council Chamber with a Capital value of R16 Million will be brought into use in the 2018/19 FY.

5. Electrical LV Networks

- There will be a slight change in the Depreciation with a replacement of RMU in Patrys.

6. Roads and Stormwater

- 40% of the Total WIP of R94 358 528.75 is to be completed in 2018/19 Remainder in 2019/20.
- 70% of the total WIP is the roads and average Lifespan for roads is 30 Years

Finance Charges consists primarily of the repayment of interest on long-term borrowing (cost of capital) R1.3 million has been allocated for 2019/20 financial year, current year actual performance has been considered in determining the allocated budget. Finance charges increases to 1.3 million in 2019/20 and increases to 1.4 million in 2021/22 financial year.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. Bulk purchases have taken into consideration 8 per cent as proposed in NERSA guideline for 2019/20 financial year. Bulk purchases have increased from 21.3 million to 23.5 million in 2019/20, which is due to proposed increase of 8 per cent, increase has also considered the actual consumption by Umngeni for implementation of water works and the level of demand which has been noted as increasing drastically in the remaining six months of the financial year when comparing to the 2017/18 financial year.

Other materials comprise of amongst others the purchase of materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritized to ensure sustainability of the Municipality's infrastructure. For 2019/20 the appropriation against this group of expenditure has been increased by 14.3 per cent (R20.6 million) and continues to grow by 8 per cent for the two outer years of which budget allocation is in excess of R22.5 million by 2021/22.

During the compilation of the 2019/20 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance and the weather pattern disasters especially to rural roads. Budget allocated for other materials in 2019/20 financial year is sufficient to cover the repairs and maintenance as the budget estimate for this item has considered the repairs and maintenance plan that is annually reviewed by the municipality.

As part of the compilation of the 2018/2019 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced as the municipality is trying to reduce the outsourcing of services. The municipality took a resolution to perform some of these contracted services internally as assessments were done and reports reflected that the municipality can be capable of delivering these services, however it was also noted that municipality is currently in no position to fully perform these services internally, such as lease of refuse truck and provision of Security Services as the municipality does not have full capacity to perform them internally. For 2019/20 the appropriation against this group of expenditure has been increased by 8.3 per cent (R24.5 million) and it has grown by 11.2 for the two outer years of which budget allocation is in excess of R27.2 million by 2021/22.

As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2019/20 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into this budget cycle and it is envisaged that additional cost savings will be implemented.

As part of compilation of the 2019/20 MTREF this group of expenditure for Transfers and Subsidies was critically evaluated and operational efficiencies were enforced. In the 2019/20 financial year, this group of expenditure totals R11.6 million and has increased by 39.7 per cent; decrease in this item is due to reduction in the allocation of INEP. Transfers and Subsidies have also considered provision of Free Basic Services for Electricity and Refuse to indigent beneficiaries.

Budget allocated for free basic electricity has considered the current year's actual performance and level of demand based on number of beneficiaries qualifying for this service which have increased to 2000 and also the proposed increase of 7.3% by NERSA.

Budget allocated for free basic refuse has also considered the current year's actual performance and also we have effected 5.2 per cent increase, furthermore we have considered the level of demand based on the number of households the municipality will be providing this service to which has increased by 4452 to 28152 due to additional properties in Khenan area and also the house holds from Sondoni Robot to Love Life premises for free basic refuse.

Other expenditure comprises of various line items relating to the daily operations of the municipality. Other expenditure has been increased from R50.1 million to R52.9 million with an increase of 5.6 per cent. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved, as the municipality has identified areas in which cost cutting can be implemented, without disturbing operations of the municipality. Budget allocated for this item has considered cost cutting measures as per Circular 82.

The following table gives a breakdown of the main expenditure categories for the 2019/20 financial year.

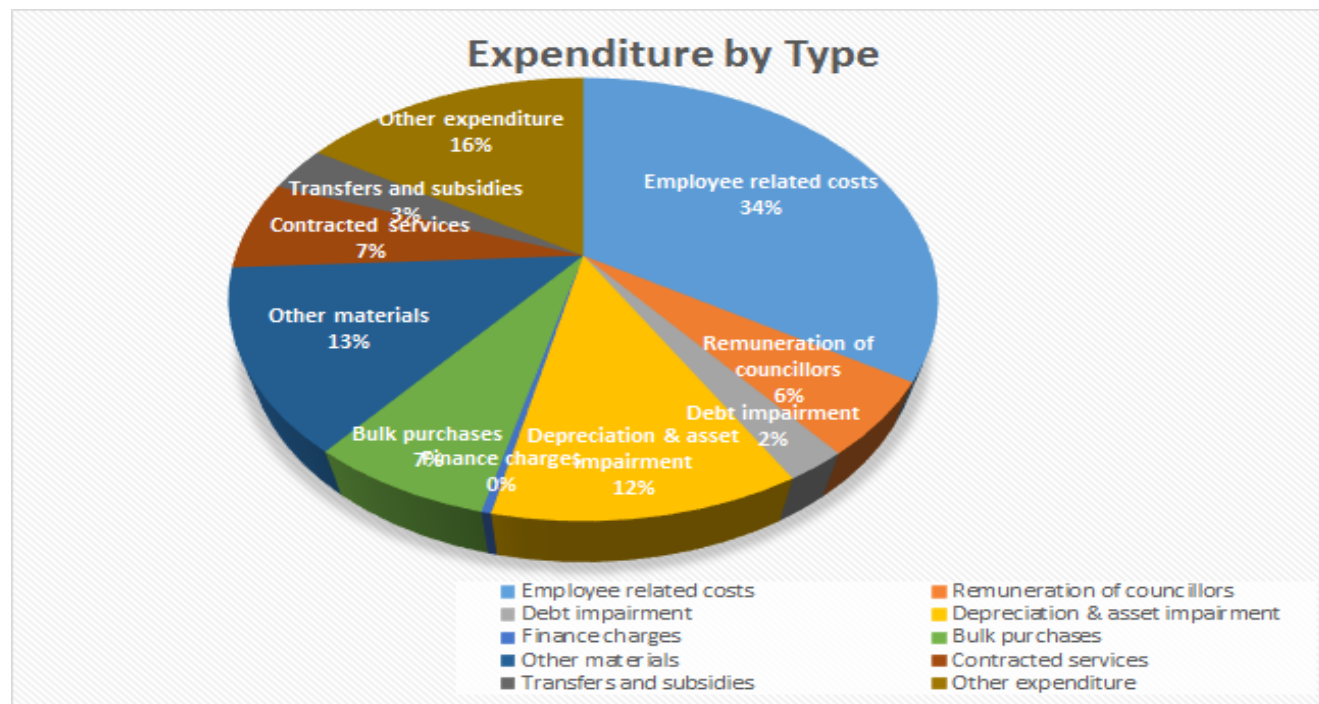


Figure 1 Main operational expenditure categories for the 2019/20 financial year

1.8.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipality's current infrastructure, the 2019/20 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs & maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 9 Operational repairs and maintenance

KZN291 Mandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'								
Description	Ref	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand								
Repairs and Maintenance	8							
Employee related costs		72,613	16,781	16,781	16,781	19,652	20,713	21,832
Other materials		12,233	33,310	18,255	18,255	20,595	21,391	22,546
Contracted Services				—	—		—	—
Other Expenditure				5,015	5,015	2,856	3,010	3,172
Total Repairs and Maintenance Exp	9	84,845	50,091	40,051	40,051	43,102	45,114	47,550

During the compilation of the 2019/20 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance and the weather pattern disasters especially to rural roads. To this end, repairs and maintenance for roads was substantially increased by 48.5 per cent in the 2019/20 financial year, from R10.9 million to R16.2 million. The total allocation for 2019/20 equates to R48.4 million an increase of 7.6 per cent in relation to the Adjustment Budget and continues to grow at 7.2 and 5.5 per cent over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 4.7 and 5.4 per cent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 10 Repairs and maintenance per asset class

KZN291 Mandeni - Table A9 Asset Management										
Description	Re	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
EXPENDITURE OTHER ITEMS		22,990,365	34,809	27,988	62,167	47,112	47,112	73,906	77,581	81,770
Depreciation	7	22,976,348	24,278	27,988	29,097	29,097	29,097	30,804	32,467	34,220
Repairs and Maintenance by Asset Class	3	14,017	10,530	–	33,070	18,015	18,015	43,102	45,114	47,550
Roads Infrastructure		5,363	1,475	–	8,128	4,693	4,693	6,003	6,327	6,669
Storm water Infrastructure		2,077	1,766	–	5,000	–	–	–	–	–
Electrical Infrastructure		–	635	–	9,580	6,200	6,200	8,998	9,484	9,996
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	1,174	1,238	1,305
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		7,440	3,876	–	22,708	10,893	10,893	16,175	17,049	17,969
Community Facilities		3,745	3,746	–	3,700	2,610	2,610	13,502	14,231	14,999
Sport and Recreation Facilities		278	50	–	300	150	150	3,306	3,168	3,339
Community Assets		4,023	3,796	–	4,000	2,760	2,760	16,807	17,399	18,338
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		534	410	–	850	250	250	1,600	1,686	1,777
Housing		–	–	–	–	–	–	200	211	222
Other Assets		534	410	–	850	250	250	1,800	1,897	2,000
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	50	53	56
Intangible Assets		–	–	–	–	–	–	50	53	56
Computer Equipment		–	349	–	–	–	–	–	–	–
Furniture and Office Equipment		388	1,701	–	912	512	512	20	21	22
Machinery and Equipment		1,631	399	–	4,600	3,600	3,600	4,450	4,690	4,944
Transport Assets		–	–	–	–	–	–	3,800	4,005	4,221
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL EXPENDITURE OTHER ITEMS		22,990,365	34,809	27,988	62,167	47,112	47,112	73,906	77,581	81,770

For the 2019/20 financial year 4.3 per cent or R20.1 million of total repairs and maintenance will be spent on infrastructure assets. Infrastructure assets have been allocated R6.6 million of total repairs and maintenance equating to 32.1 per cent, Community assets have been allocated R3.9 million of total repairs and maintenance equating to 18.6 per cent and other assets have been allocated R10.1million of total repairs and maintenance equating to 49.1 per cent.

1.9 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services, the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 500 or more indigent households during the 2019/20 financial year, a process is reviewed annually to benefit in Free Basic Services offered by the municipality. Detail relating to free services, cost of free basic services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.10 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 11 2019/20 Medium-term capital budget per vote

Vote Description R thousand	Re	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework				
		Adjusted Budget	%	Budget Year 2019/20	%	Budget Year +1 2020/21	%	Budget Year +2 2021/22
Single-year expenditure to be approved	2							
Vote 1 - Executive Council		—		—		—		—
Vote 2 - Budget & Treasury		—		—		—		—
Vote 3 - Corporate Services		750	1%	1,150	1%	—		—
Vote 4 - Planning and Development		8,779	12%	4,584	6%	—		—
Vote 5 - Health		—		—		—		—
Vote 6 - Community & Social		8,707	12%	11,378	16%	—		—
Vote 7 - Housing		14,598	20%	19,042	28%	—		—
Vote 8 - Public Safety		400	1%	5,170	7%	10,000	22%	—
Vote 9 - Sports & Recreation		—		2,870	4%	—		—
Vote 10 - Environment		—		250	1%	—		—
Vote 11 - Waste Management		—		445	1%	—		—
Vote 12 - Electricity		2,450	3%	1,446	2%	—		—
Vote 13 - Roads & Stormwater		35,697	51%	23,158	34%	37,202	78%	39,839
Vote 14 - [NAME OF VOTE 14]		—		—		—		—
Vote 15 - [NAME OF VOTE 15]		—		—		—		—
Capital single-year expenditure sub-total		71,381	100%	69,493	100%	47,202	100%	39,839
Total Capital Expenditure - Vote		71,381	100%	69,493	100%	47,202	100%	39,839

For 2019/20 an amount of R27.5 Million has been appropriated for the development of infrastructure which represents 39.5 per cent of the total capital budget. In the outer years this amount totals R37.2 million and increases to R39.5 million respectively for each of the financial years. Transport and roads receives the highest allocation of R27.5 million in 2019/20 which equates to 39.5 per cent followed by Other Assets at 34.4 per cent or R23.9million.

Total new assets represent 56.8 per cent or R39.5 million of the total capital budgets while renewal of existing assets represents 2.2 per cent or 1.5 million and upgrading of existing assets equates to 41.1 per cent or R28.5 million.

Capital budget funded from grants through National & Provincial Treasury equates to R54.1 million or 78 per cent. National Grant have been funded by MIG allocation of 96 per cent of the total allocation as 4 per cent has been allocated towards PMU.

Capital Budget funded through provincial grants have split as follows for Library Grant and Department of Human Settlement grant.

Library Grant through the Dept of Arts & Culture has allocated R1,1 million which equates to 2 per cent as per the approved MOU.

Department of human settlement has allocated R19 million which equated to 27.3 per cent towards the development of Inyoni and Isithebe Housing. The municipality serves an agent in this process.

Capital funded internally equates to 22 per cent or R15 million, which has been funded from surplus and cash backed reserves from previous year.

1.11 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2019/20 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 12 MBRR Table A1 - Budget Summary

KZN291 Mandeni - Table A1 Budget Summary										
Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands										
Financial Performance										
Property rates	27,408	30,557	52,422	47,732	47,732	47,732	47,732	49,509	52,182	55,000
Service charges	19,525	21,150	33,517	28,787	32,937	32,937	32,937	39,650	41,791	44,047
Investment revenue	3,627	2,961	3,033	2,900	2,900	2,900	2,900	3,690	3,889	4,099
Transfers recognised - operational	177,133	181,232	191,900	161,481	163,813	163,813	163,813	189,900	196,832	213,027
Other own revenue	22,992	43,565	2,615	6,999	15,709	15,709	15,709	18,624	19,629	20,689
Total Revenue (excluding capital)	250,685	279,465	283,486	247,900	263,092	263,092	263,092	301,372	314,323	336,863
Employee costs	68,601	72,958	77,298	84,109	84,109	84,109	84,109	97,430	102,367	107,552
Remuneration of councillors	10,159	10,990	12,666	13,442	13,442	13,442	13,442	13,762	14,505	15,289
Depreciation & asset impairment	22,976	24,278	27,988	29,097	29,097	29,097	29,097	30,804	32,467	34,220
Finance charges	1,853	2,912	#REF!	920	920	920	920	1,253	1,321	1,392
Materials and bulk purchases	22,990	21,514	28,798	50,401	39,346	39,346	39,346	44,061	46,124	48,615
Transfers and grants	6,824	16,762	11,518	8,329	8,329	8,329	8,329	11,636	11,737	12,373
Other expenditure	85,055	96,614	43,482	61,603	87,850	87,850	87,850	97,342	100,599	111,881
Total Expenditure	218,458	246,029	#REF!	247,900	263,092	263,092	263,092	296,288	309,119	331,322
Surplus/(Deficit)	32,226	33,435	#REF!	(0)	(0)	(0)	(0)	5,083	5,204	5,541
Transfers and subsidies - capital (m)	—	34,326	—	45,373	59,971	59,971	59,971	52,996	37,202	39,839
Contributions recognised - capital &	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital	32,226	67,761	#REF!	45,373	59,971	59,971	59,971	58,079	42,406	45,380
Share of surplus/ (deficit) of	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	32,226	67,761	#REF!	45,373	59,971	59,971	59,971	58,079	42,406	45,380
Capital expenditure & funds sources										
Capital expenditure	59,552	81,257	42,046	56,547	71,381	71,381	71,381	69,493	47,202	39,839
Transfers recognised - capital	43,886	34,326	41,113	45,373	61,562	61,562	61,562	54,140	37,202	39,839
Borrowing	—	4,050	—	—	—	—	—	—	—	—
Internally generated funds	15,666	42,881	933	11,174	9,819	9,819	9,819	15,353	10,000	—
Total sources of capital funds	59,552	81,257	42,046	56,547	71,381	71,381	71,381	69,493	47,202	39,839
Financial position										
Total current assets	74,969	62,625	119,380	72,946	83,491	83,491	83,491	101,455	74,250	67,539
Total non current assets	386,215	425,889	486,549	490,401	514,966	514,966	514,966	552,545	623,549	654,113
Total current liabilities	29,026	37,642	42,115	75,581	26,770	26,770	26,770	29,202	20,720	17,788
Total non current liabilities	19,379	21,882	20,274	22,004	20,273	20,273	20,273	20,073	20,208	20,351
Community wealth/Equity	413,154	465,187	544,271	468,388	551,414	551,414	551,414	604,724	656,871	683,513
Cash flows										
Net cash from (used) operating	57,640	64,957	63,475	52,556	77,142	77,142	77,142	59,835	52,255	59,058
Net cash from (used) investing	(59,552)	(81,258)	(42,046)	(56,547)	(57,381)	(57,381)	(57,381)	(58,636)	(47,202)	(39,839)
Net cash from (used) financing	604	3,709	(709)	(2,000)	(1,950)	(1,950)	(1,950)	(2,645)	(2,000)	(2,000)
Cash/cash equivalents at the year	27,749	15,157	35,876	15,684	53,687	53,687	53,687	19,258	22,311	39,530
Cash backing/surplus reconciliation										
Cash and investments available	27,749	15,156	35,876	6,035	6,035	6,035	6,035	19,258	—	—
Application of cash and investments	10,265	31,375	(19,580)	2,761	(9,991)	(9,991)	(9,991)	(7,554)	(11,242)	(9,590)
Balance - surplus (shortfall)	17,484	(16,219)	55,456	3,275	16,027	16,027	16,027	26,811	11,242	9,590
Asset management										
Asset register summary (WDV)	386,589	443,409	487,280	500,977	487,280	487,280	487,280	552,545	564,245	594,714
Depreciation	22,976,348	24,278	27,988	29,097	29,097	29,097	29,097	30,804	32,467	34,220
Renewal and Upgrading of Existing	12,464	31,056	26,711	40,073	40,549	40,549	40,549	30,029	—	—
Repairs and Maintenance	14,017	10,530	—	33,070	18,015	18,015	18,015	43,102	45,114	47,550
Free services										
Cost of Free Basic Services provide	—	—	—	505	505	505	636	636	670	706
Revenue cost of free services provi	15	15	—	15,858	15,858	15,858	15,935	15,935	16,795	17,702
Households below minimum service level										
Water:	—	—	—	—	—	—	—	—	—	—
Sanitation/sewerage:	0	0	0	0	0	0	0	0	—	—
Energy:	—	—	—	—	—	—	—	—	—	—
Refuse:	—	—	—	—	—	—	—	—	—	—

Explanatory notes to MBRR Table A1 - Budget Summary

Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard.

The operating surplus/deficit (after Total Expenditure) is positive over the MTREF Capital expenditure is balanced by capital funding sources, of which Transfers recognised are reflected on the Financial Performance Budget.

Borrowing is incorporated in the net cash from financing on the Cash Flow Budget Internally generated funds are financed from accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget.

The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently, Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2019/20, when a small surplus as reflected.

Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 13 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN291 Mandeni - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description	R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional										
Governance and administration		181,362	201,775	177,302	212,794	221,454	221,454	238,774	251,668	270,824
Executive and council		204	—	2,499	7,251	7,251	7,251	7,489	7,851	8,223
Finance and administration		181,157	201,775	174,803	205,543	214,203	214,203	231,285	243,817	262,601
Internal audit		—	—	—	—	—	—	—	—	—
Community and public safety		3,105	3,672	483	6,128	7,860	7,860	8,201	9,010	9,497
Community and social services		1,979	2,196	338	4,092	5,154	5,154	6,443	7,157	7,544
Sport and recreation		13	—	0	64	64	64	—	—	—
Public safety		1,112	1,476	95	1,972	1,872	1,872	1,758	1,853	1,953
Housing		—	—	—	—	769	769	—	—	—
Health		—	—	50	—	—	—	—	—	—
Economic and environmental services		39,850	34,887	86,044	159	809	809	5,139	1,727	1,820
Planning and development		39,850	562	38,781	159	809	809	3,724	236	249
Road transport		—	34,326	47,263	—	—	—	1,415	1,491	1,572
Environmental protection		—	—	—	—	—	—	—	—	—
Trading services		26,367	39,131	19,657	28,819	32,969	32,969	49,258	51,918	54,721
Energy sources		20,028	31,380	10,729	20,426	23,926	23,926	39,748	41,895	44,157
Water management		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		6,339	7,750	8,928	8,394	9,044	9,044	9,510	10,023	10,564
Other		—	—	—	—	—	—	—	—	—
Total Revenue - Functional	2	250,684	279,465	283,486	247,900	263,092	263,092	301,372	314,323	336,863
Expenditure - Functional										
Governance and administration		112,931	134,809	88,638	116,850	132,140	132,140	150,254	158,368	166,920
Executive and council		39,950	36,260	36,038	27,944	29,038	29,038	42,425	44,716	47,131
Finance and administration		72,981	98,548	52,600	88,906	103,102	103,102	107,829	113,652	119,789
Internal audit		—	—	—	—	—	—	—	—	—
Community and public safety		28,523	30,650	31,384	31,177	39,738	39,738	41,861	45,953	53,434
Community and social services		9,021	10,377	23,604	11,212	14,604	14,604	18,848	21,696	27,868
Sport and recreation		901	963	3,702	788	788	788	1,444	1,522	1,605
Public safety		18,600	19,310	4,073	19,177	23,577	23,577	21,569	22,734	23,961
Housing		—	—	—	—	769	769	—	—	—
Health		—	—	5	—	—	—	—	—	—
Economic and environmental services		47,183	46,752	48,300	59,230	48,061	48,061	53,244	56,119	64,660
Planning and development		30,173	29,987	16,355	33,418	26,394	26,394	21,386	22,540	23,758
Road transport		10,101	8,209	27,370	16,456	13,012	13,012	25,147	26,505	33,446
Environmental protection		6,909	8,557	4,575	9,356	8,656	8,656	6,712	7,074	7,456
Trading services		29,149	35,239	36,167	40,643	43,153	43,153	50,930	48,680	46,309
Energy sources		21,675	31,789	27,575	32,417	34,927	34,927	41,757	39,011	36,118
Water management		—	—	18	—	—	—	—	—	—
Waste water management		—	—	2,393	—	—	—	—	—	—
Waste management		7,474	3,450	6,181	8,226	8,226	8,226	9,173	9,669	10,191
Other		—	—	—	—	—	—	—	—	—
Total Expenditure - Functional	3	217,787	247,450	204,489	247,900	263,092	263,092	296,289	309,119	331,322
Surplus/(Deficit) for the year		32,897	32,015	78,997	0	(0)	(0)	5,083	5,204	5,541

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enable the National Treasury to compile 'whole of government' reports.

Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

Note that as a general principle the revenues for the Trading Services should exceed their expenditures.

Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Budget & Treasury Office.

Table 14 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN291 Mandeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	Re	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
Revenue by Vote	1									
Vote 1 - Executive Council		204	—	2,499	7,251	7,251	7,251	7,489	7,851	8,223
Vote 2 - Budget & Treasury		181,157	201,630	174,803	205,543	214,203	214,203	231,285	243,817	262,601
Vote 3 - Corporate Services		—	145	—	—	—	—	—	—	—
Vote 4 - Planning and Development		39,850	562	38,781	159	809	809	3,724	236	249
Vote 5 - Health		—	—	—	—	—	—	—	—	—
Vote 6 - Community & Social		1,979	2,196	338	4,092	5,154	5,154	6,443	7,157	7,544
Vote 7 - Housing		—	—	—	—	769	769	—	—	—
Vote 8 - Public Safety		1,112	1,476	1,626	1,972	1,872	1,872	1,758	1,853	1,953
Vote 9 - Sports & Recreation		13	—	—	64	64	64	—	—	—
Vote 10 - Environment		—	—	50	—	—	—	—	—	—
Vote 11 - Waste Management		6,339	7,750	8,928	8,394	9,044	9,044	9,510	10,023	10,564
Vote 12 - Electricity		20,028	31,380	10,729	20,426	23,926	23,926	39,748	41,895	44,157
Vote 13 - Roads & Stormwater		—	34,326	45,732	—	—	—	1,415	1,491	1,572
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—
Total Revenue by Vote	2	250,684	279,465	283,486	247,900	263,092	263,092	301,372	314,323	336,863
Expenditure by Vote to be approved	1									
Vote 1 - Executive Council		39,950	36,260	36,042	27,944	29,038	29,038	42,425	44,716	47,131
Vote 2 - Budget & Treasury		55,761	80,183	16,265	66,357	75,302	75,302	71,629	75,497	79,574
Vote 3 - Corporate Services		17,220	18,365	17,513	22,549	27,799	27,799	36,200	38,155	40,215
Vote 4 - Planning and Development		30,173	29,987	29,135	33,418	26,394	26,394	21,386	22,540	23,758
Vote 5 - Health		—	—	—	—	—	—	—	—	—
Vote 6 - Community & Social		9,021	10,377	27,306	11,212	14,604	14,604	18,848	21,696	27,868
Vote 7 - Housing		—	—	—	—	769	769	—	—	—
Vote 8 - Public Safety		18,600	19,310	10,210	19,177	23,577	23,577	21,569	22,734	23,961
Vote 9 - Sports & Recreation		901	963	—	788	788	788	1,444	1,522	1,605
Vote 10 - Environment		6,909	8,557	4,580	9,356	8,656	8,656	6,712	7,074	7,456
Vote 11 - Waste Management		7,474	3,450	6,181	8,226	8,226	8,226	9,173	9,669	10,191
Vote 12 - Electricity		21,675	31,789	33,575	32,417	34,927	34,927	41,757	39,011	36,118
Vote 13 - Roads & Stormwater		10,101	8,209	23,682	16,456	13,012	13,012	25,147	26,505	33,446
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—
Total Expenditure by Vote	2	217,787	247,450	204,489	247,900	263,092	263,092	296,289	309,119	331,322
Surplus/(Deficit) for the year	2	32,897	32,015	78,996	0	(0)	(0)	5,083	5,204	5,541

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the municipality.

Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description	Re	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source										
Property rates	2	27,408	30,557	52,422	47,732	47,732	47,732	49,509	52,182	55,000
Service charges - electricity rev	2	13,186	13,399	24,589	20,394	23,894	23,894	30,140	31,767	33,483
Service charges - water revenue	2	—	—	—	—	—	—	—	—	—
Service charges - sanitation rev	2	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue	2	6,339	7,750	8,928	8,393	9,043	9,043	9,510	10,023	10,564
Rental of facilities and equipment		286	241	344	271	271	271	258	272	286
Interest earned - external investme		3,627	2,961	3,033	2,900	2,900	2,900	3,690	3,889	4,099
Interest earned - outstanding debt		9,766	9,864		4,400	13,060	13,060	15,975	16,838	17,747
Dividends received						—	—			
Fines, penalties and forfeits		32	350	377	500	500	500	405	427	450
Licences and permits		1,123	1,175	1,197	1,472	1,372	1,372	1,320	1,391	1,466
Agency services						—	—			
Transfers and subsidies		177,133	181,232	191,900	161,481	163,813	163,813	189,900	196,832	213,027
Other revenue	2	11,785	31,935	697	356	506	506	665	701	739
Gains on disposal of PPE										
Total Revenue (excluding capital transfers and		250,685	279,465	283,486	247,900	263,092	263,092	301,372	314,323	336,863
Expenditure By Type										
Employee related costs	2	68,601	72,958	77,298	84,109	84,109	84,109	97,430	102,367	107,552
Remuneration of councillors		10,159	10,990	12,666	13,442	13,442	13,442	13,762	14,505	15,289
Debt impairment	3	4,026	36,634	15,145	5,800	15,068	15,068	19,891	18,965	25,839
Depreciation & asset impairment	2	22,976	24,278	27,988	29,097	29,097	29,097	30,804	32,467	34,220
Finance charges		1,853	2,912	2,739	920	920	920	1,253	1,321	1,392
Bulk purchases	2	8,972	10,984	16,565	17,331	21,331	21,331	23,466	24,733	26,069
Other materials	8	14,017	10,530	12,233	33,070	18,015	18,015	20,595	21,391	22,546
Contracted services		23,933	18,241	15,740	16,133	22,633	22,633	24,501	25,824	27,218
Transfers and subsidies		6,824	16,762	11,518	8,329	8,329	8,329	11,636	11,737	12,373
Other expenditure	4, 5	57,016	41,739	30,185	39,670	50,149	50,149	52,950	55,809	58,823
Loss on disposal of PPE		80		(17,587)						
Total Expenditure		218,458	246,029	204,490	247,900	263,092	263,092	296,288	309,119	331,322
Surplus/(Deficit)		32,226	33,435	78,997	(0)	(0)	(0)	5,083	5,204	5,541
Transfers and subsidies - capital (monetary allocations)			34,326		45,373	59,971	59,971	52,996	37,202	39,839
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Transfers and subsidies - capital (in-kind - all)	6	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		32,226	67,761	78,997	45,373	59,971	59,971	58,079	42,406	45,380
Taxation										
Surplus/(Deficit) after Attributable to minorities		32,226	67,761	78,997	45,373	59,971	59,971	58,079	42,406	45,380
Surplus/(Deficit) attributable to municipality		32,226	67,761	78,997	45,373	59,971	59,971	58,079	42,406	45,380
Share of surplus/ (deficit) of associate	7									
Surplus/(Deficit) for the year		32,226	67,761	78,997	45,373	59,971	59,971	58,079	42,406	45,380

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

Total revenue is R301.4 million in 2019/20 and escalates to R314.3 million by 2021/22. This represents a year-on-year increase of 4.2 per cent for the 2020/21 financial year and 7.1 per cent for the 2021/22 financial year.

Revenue to be generated from property rates is R49.5 million in the 2019/20 financial year and increases to R55.0 million by 2021/22 which represents 16.3 per cent of the operating revenue base of the Municipality. Increase in property rates has considered the increase in other tariffs by 5.2 per cent and adjustments and also the PSI and Agricultural tariffs have been revised to be in accordance with the Government Gazette no.33016 Regulation 195 of 2010 which stipulate that they should be aligned with 1:4 of the residential tariff, therefore it was necessary for the municipality to revise its tariffs and budget.

Services charges relating to electricity and refuse removal constitutes the component of the revenue basket of the Municipality totaling R39.7 million for the 2019/20 financial year and increasing to R44.0 million by 2021/22. For the 2019/20 financial year services charges amount to 13.1 per cent of the total revenue base and grows by 52.8 per cent per annum over the medium-term. This growth has mainly been attributed by effecting 7.3 per cent increase for electricity and 5.2 per cent for refuse. The municipality has also considered the agreement between the Municipality and Umngeni water for the Thukela water works project for the supply of bulk electricity.

Rental of facilities and equipment have been decreased in the 2019/20 financial year from R271 thousand to R258 thousand with a decrease of 4.7%. Budget amount has also considered the increase on rental tariffs at 5.2%, reduction in the budget has considered the level of demand for the utilization of municipal properties as per the actual collection to date. However, it has been noted that community facilities there is a challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

Interest on external investments have been increased from R2.9 million to R3.7 million for 2019/20 financial year, increase of 27 per cent has considered the projected closing balance for investments and the 2019/20 and Gazetted Grants which will be transferred to the municipality as publicized.

Interest on Outstanding have been increased from R13.1 million to R15.9 million for 2019/20; increase of 22 per cent is based on the level of outstanding debtors as the large bulk of debt is due to Ingonyama Trust and Households. Debt Collection initiatives are being done so as to encourage consumers to settle their debts, however interest is still to be charged on outstanding debt. Budget allocated for Interest on Outstanding debtors has considered the Prime Interest Rate of 10.25 as per South African Reserve Bank, as the municipality aligns its rate with the reserve bank.

Fines have been decreased from R500 million to R405 thousands; decrease of 19 percent, proposed budget for fines is based on the current year's actual performance for 2018/19 billing. This is the level in which the municipality anticipates to recover/collect fines once it has also determined the analysis for the implementation of GRAP 1 which is recognized at year end.

Licenses & Permits have been decreased from R1.4 million to R1.3 million for 2019/20 financial year; reduction of 3 percent is based on the current year's actual performance and level of demand for this source. Furthermore, the municipality decided on maintaining the current year's tariffs for Business licensees due to level of demand on the actual collection generated in this financial year and also we have considered the initiatives towards promoting SMME developments. Budget allocated has also considered the percentage increase of 5.2 per cent which has been effected for various license & Permits tariffs for Traffic Department.

Other revenue has been increased from R506 thousand to R665 thousand for 2019/20 financial year increase of 31.4 per cent has considered the increase in tariffs by 5.2 per cent for photocopy, fire services and connection fees, furthermore to that level of performance has been considered in determining the budget estimates for these revenue sources. However, the tariffs and budget for Building plan and town planning fees have remained the same as this current financial year which is based on the level of demand for these sources, it was then agreed that the municipality will maintain the same status based on the actual performance.

Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that the grants receipts from national government have been increased over the MTREF by 15.9 per cent and then increases by 3 per cent to 8 per cent for the two outer years. Furthermore, 4 per cent of the MIG allocation has been allocated towards the Project Management Unit as per the approved business plan in accordance with Schedule 5-part B, therefore R1.4 million has been allocated towards operation activities of the PMU unit.

Bulk purchases have significantly increased over the 2018/19 adjustment budget to 2019/20 period escalating from R21.3 million to R23.4 million. This increase is attributed to the substantial increase in the cost bulk electricity from Eskom; the municipality has effected proposed increase of 8 per cent for bulk purchases by NERSA furthermore the increase in bulk purchases has considered the current level of demand by Umngeni Water based on the consumption per kilowatts to date.

Employee related costs and other expenditure are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and other expenditure increases in future years.

Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Re	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
Single-year expenditure to be	2										
Vote 1 - Executive Council		—	—	—	—	—	—	—	—	—	—
Vote 2 - Budget & Treasury		—	2,810	—	—	—	—	—	—	—	—
Vote 3 - Corporate Services		550	1,034	—	300	750	750	750	1,150	—	—
Vote 4 - Planning and Development		3,160	8,103	9,818	9,139	8,779	8,779	8,779	4,584	—	—
Vote 5 - Health		—	—	—	—	—	—	—	—	—	—
Vote 6 - Community & Social		12,841	557	1,714	7,116	8,707	8,707	8,707	11,378	—	—
Vote 7 - Housing		—	—	—	—	14,598	14,598	14,598	19,042	—	—
Vote 8 - Public Safety		816	—	25	1,000	400	400	400	5,170	—	—
Vote 9 - Sports & Recreation		—	87	—	—	—	—	—	2,870	—	—
Vote 10 - Environment		—	—	—	—	—	—	—	250	—	—
Vote 11 - Waste Management		419	—	—	—	—	—	—	445	—	—
Vote 12 - Electricity		2,102	31,044	3,395	3,295	2,450	2,450	2,450	1,446	—	—
Vote 13 - Roads & Stormwater		39,665	37,623	27,093	35,697	35,697	35,697	35,697	23,158	37,202	3,984
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—	—
Capital single-year expenditure s		59,552	81,257	42,046	56,547	71,381	71,381	71,381	69,493	37,202	3,984
Total Capital Expenditure - Vote		59,552	81,257	42,046	56,547	71,381	71,381	71,381	69,493	37,202	3,984
Capital Expenditure - Functional											
Governance and administration		796	3,843	—	300	750	750	750	1,150	—	—
Executive and council		—	—	—	—	—	—	—	—	—	—
Finance and administration		246	3,843	—	300	750	750	750	1,150	—	—
Internal audit		550	—	—	—	—	—	—	—	—	—
Community and public safety		16,516	644	1,739	8,316	23,905	23,905	23,905	38,710	10,000	—
Community and social services		15,701	557	1,714	7,316	8,907	8,907	8,907	11,628	—	—
Sport and recreation		—	87	—	—	—	—	—	2,870	—	—
Public safety		816	—	25	1,000	400	400	400	5,170	10,000	—
Housing		—	—	—	—	14,598	14,598	14,598	19,042	—	—
Health		—	—	—	—	—	—	—	—	—	—
Economic and environmental se		39,718	45,726	36,911	44,636	44,276	44,276	44,276	27,742	37,202	39,839
Planning and development		3,160	8,103	4,680	2,560	2,300	2,300	2,300	4,584	—	—
Road transport		36,559	37,623	32,232	42,076	41,976	41,976	41,976	23,158	37,202	39,839
Environmental protection		—	—	—	—	—	—	—	—	—	—
Trading services		2,521	31,044	3,395	3,295	2,450	2,450	2,450	1,891	—	—
Energy sources		2,102	31,044	3,395	3,295	2,450	2,450	2,450	1,446	—	—
Water management		—	—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—	—
Waste management		419	—	—	—	—	—	—	445	—	—
Other											
Total Capital Expenditure - Fu	3	59,552	81,257	42,046	56,547	71,381	71,381	71,381	69,493	47,202	39,839
Funded by:											
National Government		43,886	34,326	40,643	45,373	61,562	61,562	61,562	33,968	37,202	39,839
Provincial Government		—	—	471	—	—	—	—	20,172	—	—
District Municipality		—	—	—	—	—	—	—	—	—	—
Other transfers and grants		—	—	—	—	—	—	—	—	—	—
Transfers recognised - capita	4	43,886	34,326	41,113	45,373	61,562	61,562	61,562	54,140	37,202	39,839
Borrowing	6	—	4,050	—	—	—	—	—	—	—	—
Internally generated funds		15,666	42,881	933	11,174	9,819	9,819	9,819	15,353	10,000	—
Total Capital Funding	7	59,552	81,257	42,046	56,547	71,381	71,381	71,381	69,493	47,202	39,839

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding source necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

Table 17 MBRR Table A6 - Budgeted Financial Position

KZN291 Mandeni - Table A6 Budgeted Financial Position										
Description	Re	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
ASSETS										
Current assets										
Cash		293	2,635	11,276	6,035	6,035	6,035	19,258		
Call investment deposits	1	27,456	12,521	24,600	—	—	—	—	—	—
Consumer debtors	1	43,352	33,178	26,032	63,410	73,943	73,943	78,697	70,750	64,039
Other debtors		1,655	997	43,133	3,000	3,000	3,000	3,000	3,000	3,000
Current portion of long-term receivables		1,791	12,957	13,826	—	—	—	—	—	—
Inventory	2	422	336	513	500	513	513	500	500	500
Total current assets		74,969	62,625	119,380	72,946	83,491	83,491	101,455	74,250	67,539
Non current assets										
Long-term receivables										
Investments										
Investment property		46,606	30,693	58,199	46,606	58,199	58,199	58,199	58,199	58,199
Investment in Associate										
Property, plant and equipment	3	339,609	395,196	427,977	442,188	455,662	455,662	493,241	564,245	594,714
Biological										
Intangible		374	1,607	1,105	1,800	1,105	1,105	1,200	1,200	1,200
Other non-current assets										
Total non current assets		386,215	425,889	486,549	490,401	514,966	515,661	552,545	623,549	654,113
TOTAL ASSETS		461,185	488,513	605,930	563,347	598,457	599,152	653,999	697,799	721,652
LIABILITIES										
Current liabilities										
Bank overdraft	1									
Borrowing	4	263	1,181	1,057	1,350	1,057	1,057	1,205	1,270	1,338
Consumer deposits		1,585	864	596	750	600	600	450	450	450
Trade and other payables	4	27,178	35,598	29,983	26,445	25,113	25,113	27,547	19,000	16,000
Provisions				10,479	47,036					
Total current liabilities		29,026	37,642	42,115	75,581	26,770	26,770	29,202	20,720	17,788
Non current liabilities										
Borrowing		671	3,378	2,704	3,500	2,703	2,703	2,503	2,638	2,781
Provisions		18,708	18,504	17,570	18,504	17,570	17,570	17,570	17,570	17,570
Total non current liabilities		19,379	21,882	20,274	22,004	20,273	20,273	20,073	20,208	20,351
TOTAL LIABILITIES		48,404	59,524	62,389	97,585	47,043	47,043	49,275	40,928	38,139
NET ASSETS	5	412,780	428,989	543,541	465,762	551,413	552,109	604,724	656,871	683,513
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)		411,294	463,243	542,239	466,378	550,151	550,151	603,372	655,372	681,850
Reserves	4	1,859	1,944	2,032	2,011	1,263	1,263	1,352	1,499	1,663
TOTAL COMMUNITY WEALTH	5	413,154	465,187	544,271	468,388	551,414	551,414	604,724	656,871	683,513

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 18 MBRR Table A7 - Budgeted Cash Flow Statement

KZN291 Mandeni - Table A7 Budgeted Cash Flows											
Description	Re	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		29,548	47,784	53,996	32,458	37,709	37,709	37,709	33,466	35,273	37,178
Service charges		28,682	20,993	34,558	21,003	28,849	28,849	28,849	35,529	38,283	40,350
Other revenue			–		2,124	2,174	2,174	2,174	2,278	2,401	2,530
Government - operating	1	133,247	146,907	193,934	161,481	163,813	163,813	163,813	189,900	196,832	213,027
Government - capital	1	42,778	31,517		45,373	59,971	59,971	59,971	52,996	37,202	39,839
Interest		3,627	2,961	3,033	3,120	3,553	3,553	3,553	4,489	4,731	4,987
Dividends									–	–	–
Payments											
Suppliers and employees		(178,389)	(182,292)	(221,341)	(203,754)	(209,679)	(209,679)	(209,679)	(246,568)	(251,661)	(267,460)
Finance charges		(1,853)	(2,912)	(704)	(920)	(920)	(920)	(920)	(1,253)	(1,321)	(1,392)
Transfers and Grants	1				(8,329)	(8,329)	(8,329)	(8,329)	(11,001)	(9,485)	(10,000)
NET CASH FROM/(USED) OPERATING		57,640	64,957	63,475	52,556	77,142	77,142	77,142	59,835	52,255	59,058
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									–	–	–
Decrease (Increase) in non-current debtors									3,935	–	–
Decrease (increase) other non-current receivables						14,000	14,000	14,000	6,922	–	–
Decrease (increase) in non-current investments									–	–	–
Payments											
Capital assets		(59,552)	(81,258)	(42,046)	(56,547)	(71,381)	(71,381)	(71,381)	(69,493)	(47,202)	(39,839)
NET CASH FROM/(USED) INVESTING		(59,552)	(81,258)	(42,046)	(56,547)	(57,381)	(57,381)	(57,381)	(58,636)	(47,202)	(39,839)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing									–	–	–
Increase (decrease) in consumer deposits					(650)	(600)	(600)	(600)	(495)	–	–
Payments											
Repayment of borrowing		604	3,709	(709)	(1,350)	(1,350)	(1,350)	(1,350)	(2,150)	(2,000)	(2,000)
NET CASH FROM/(USED) FINANCING		604	3,709	(709)	(2,000)	(1,950)	(1,950)	(1,950)	(2,645)	(2,000)	(2,000)
NET INCREASE/ (DECREASE) IN CASH		(1,308)	(12,592)	20,720	(5,991)	17,811	17,811	17,811	(1,446)	3,053	17,219
Cash/cash equivalents at the year be	2	29,057	27,749	15,157	21,674	35,876	35,876	35,876	20,704	19,258	22,311
Cash/cash equivalents at the year en	2	27,749	15,157	35,876	15,684	53,687	53,687	53,687	19,258	22,311	39,530

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

The budgeted cash flow statement is the first measurement in determining if the budget is funded.

REVENUE

1. Property rates has budgeted to collect R33.5 million or 68 per cent of the billing, the assumed collection rate is based on the actual performance in this current financial year also we have considered the actual collection as per the audited AFS 2017/18 FY, furthermore we have considered the credit control and debt collection policy.
2. Service Charges: electricity has budgeted to collect R29.6 million or 95 per cent of the electricity billing, the assumed collection rate is based on the actual performance in this current financial year as the two thirds of consumers have converted to prepaid electricity and also we have considered the bulk consumer (Umngeni water works), furthermore we have also taken into consideration the collection rate per the audited AFS.
3. Service Charges: Refuse has budgeted to collect R5.9 million or 60 per cent of the refuse billing, the assumed collection rate is based on the actual performance in this current financial year also we have considered the actual collection as per the audited AFS 2017/18 FY, the municipality have noted the low collection rate of the previous year's however due to additional properties that were previously not billed we anticipate to improve in this service.

4. Rental of facilities and equipment the municipality anticipates a 100 percent collection rate as rentals are collected prior the event and lease of municipal properties to employee are deducted on their salaries.
5. Interest earned on External Investments has assumed a collection rate of 100% based on the interest to be generated on the call accounts on grants to be transferred as publicized.
6. Interest on outstanding debtors a collection rate of 5 per cent has been applied, taking into consideration the implementation of prepaid system for electricity as the consumers are expected to clear the accounts before they convert to pre-paid metering system.
7. Fines, Penalties and forfeits a collection rate of 5 per cent has been applied, as we have taken into consideration the current year performance and also the municipality acknowledges that it recognizes its monthly receipts on cash basis and only considers treatment of iGRAP 1 at year end, however controls will be improved between the public safety department and finance so as to ensure that we accurately report for this items.
8. Licenses and permits a 100 percent collection rate has been applied due to their actual performance and performance of the business licenses and traffic department.
9. Other Revenue has budgeted to collect 100 per cent of all other revenue sources, as these sources are collected prior the item is undertaken.
10. Increases (decrease) in consumer deposits have been reduced from R600 thousand to R495 thousand from 2018/19 adjustment budget, reduction is due to deposits that are being refunded to customers for conversion to prepaid metering system. The municipality has converted the electricity to prepaid metering system; therefore, deposits are being refunded to the debtors.
11. Increases (decrease) in non-current deposits has assumed a collection rate of 5 per cent of the outstanding debt that is more than 120 days per ageing which amounts to R3.9 million as guided by MFMA Circular No.89.
12. Increases (decrease) in non-current receivables has assumed a collection rate of 100 per cent or R6.9 million of the anticipated refunds from SARS to be collected, VAT reconciliation as at February 2019 has been used as a base to determine the collection.

PAYMENTS

It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

13. Suppliers and employees for cash outflows of R245 million corresponds with table A4 with exclusion of non-cash items and also the Transfers and subsidies towards free basic refuse of R636 thousand as it has been included under revenue forgone.
14. Capital Assets of R69.5 million corresponds with table A5.
15. Repayment of borrowing for 2.1 million has considered a new financial lease obligation which the municipality has entered into an agreement of leasing of printers as the previous contract reached its expiry date, furthermore budget allocated has also considered Wesbank lease for the municipal fleet which is currently ongoing between the municipality and FNB.
16. Other cash flow/ payments has budgeted an allocation of R13.9 million towards trade creditors as per the Audited AFS 2017/18.

Table 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN291 Mandeni - Table A8 Cash backed reserves/accumulated surplus reconciliation										
Description	Re	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash and investments available										
Cash/cash equivalents at the year end	1	27,749	15,157	35,876	15,684	53,687	53,687	19,258	19,359	33,468
Other current investments > 90 days		0	(1)	—	(9,648)	(47,652)	(47,652)	—	(19,359)	(33,468)
Non current assets - Investments	1	—	—	—	—	—	—	—	—	—
Cash and investments available:		27,749	15,156	35,876	6,035	6,035	6,035	19,258	—	—
Application of cash and investments										
Unspent conditional transfers		11,271	8,463	—	11,706	5,631	5,631	7,186	4,000	3,000
Unspent borrowing		—	—	—	—	—	—	—	—	—
Statutory requirements	2	18,708	18,504	17,570	18,504	18,504	18,504	17,570	17,570	17,570
Other working capital requirements	3	(21,574)	2,185	(40,401)	(30,016)	(35,986)	(35,986)	(33,662)	(34,311)	(31,823)
Other provisions		—	—	—	—	—	—	—	—	—
Long term investments committed	4	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/invest	5	1,859	1,944	2,032	2,011	1,263	1,263	1,352	1,499	1,663
Total Application of cash and investment		10,265	31,096	(20,799)	2,205	(10,588)	(10,588)	(7,554)	(11,242)	(9,590)
Surplus(shortfall)		17,484	(15,940)	56,675	3,831	16,624	16,624	26,811	11,242	9,590

Notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

Table 20 MBRR Table A9 - Asset Management

KZN291 Mandeni - Table A9 Asset Management										
Description	Re	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	47,089	50,201	15,335	16,474	30,832	30,832	42,335	47,202	39,839
Roads Infrastructure		29,217	44,407	7,764	1,855	1,855	1,855	—	37,202	39,839
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		—	—	316	1,800	1,800	1,800	1,146	—	—
Water Supply Infrastructure		—	—	—	—	—	—	—	—	—
Infrastructure		29,217	44,407	8,080	3,655	3,655	3,655	1,146	37,202	39,839
Community Facilities		15,001	—	5,295	7,573	6,973	6,973	7,698	—	—
Sport and Recreation Facilities		—	—	310	263	263	263	3,970	—	—
Community Assets		15,001	—	5,606	7,836	7,236	7,236	11,668	—	—
Heritage Assets		—	—	—	—	—	—	—	—	—
Revenue Generating		—	—	—	—	—	—	—	—	—
Non-revenue Generating		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Operational Buildings		—	—	—	—	—	—	4,000	10,000	—
Housing		—	—	—	—	14,598	14,598	19,042	—	—
Other Assets		—	—	—	—	14,598	14,598	23,042	10,000	—
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Servitudes		—	—	—	—	—	—	—	—	—
Licences and Rights		—	—	—	—	—	—	200	—	—
Intangible Assets		—	—	—	—	—	—	200	—	—
Computer Equipment		—	—	—	100	610	610	890	—	—
Furniture and Office Equipment		—	1,133	1,215	341	341	341	964	—	—
Machinery and Equipment		—	998	—	542	492	492	1,925	—	—
Transport Assets		2,871	3,663	435	4,000	3,900	3,900	2,500	—	—
Land		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
Total Renewal of Existing Assets	2	12,464	31,056	26,711	26,711	26,711	26,711	1,500	—	—
Roads Infrastructure		10,396	13,210	24,231	24,231	24,231	24,231	650	—	—
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		—	4,735	—	—	—	—	—	—	—
Coastal Infrastructure		—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
Infrastructure		10,396	17,945	24,231	24,231	24,231	24,231	650	—	—
Community Facilities		—	—	—	—	—	—	—	—	—
Sport and Recreation Facilities		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Operational Buildings		2,068	13,112	2,480	2,480	2,480	2,480	850	—	—
Housing		—	—	—	—	—	—	—	—	—
Other Assets		2,068	13,112	2,480	2,480	2,480	2,480	850	—	—
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Servitudes		—	—	—	—	—	—	—	—	—
Licences and Rights		—	—	—	—	—	—	—	—	—
Total Upgrading of Existing Assets	6	—	—	—	13,362	13,838	13,838	25,659	—	—
Roads Infrastructure		—	—	—	10,667	10,667	10,667	25,659	—	—
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		—	—	—	—	—	—	—	—	—
Water Supply Infrastructure		—	—	—	1,495	650	650	—	—	—
Infrastructure		—	—	—	12,162	11,317	11,317	25,659	—	—
Community Facilities		—	—	—	200	1,521	1,521	—	—	—
Sport and Recreation Facilities		—	—	—	1,000	1,000	1,000	—	—	—
Community Assets		—	—	—	1,200	2,521	2,521	—	—	—
Heritage Assets		—	—	—	—	—	—	—	—	—
Revenue Generating		—	—	—	—	—	—	—	—	—
Non-revenue Generating		—	—	—	—	—	—	—	—	—
Total Capital Expenditure	4	59,552	81,257	42,046	56,547	71,381	71,381	69,493	47,202	39,839
Roads Infrastructure		39,613	57,617	31,995	36,753	36,753	36,753	26,309	37,202	39,839
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		—	4,735	316	3,295	2,450	2,450	1,146	—	—
Water Supply Infrastructure		—	—	—	—	—	—	—	—	—
Sanitation Infrastructure		—	—	—	—	—	—	—	—	—
Solid Waste Infrastructure		—	—	—	—	—	—	—	—	—
Rail Infrastructure		—	—	—	—	—	—	—	—	—
Coastal Infrastructure		—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
Infrastructure		39,613	62,352	32,311	40,048	39,203	39,203	27,454	37,202	39,839
Community Facilities		15,001	—	5,295	7,773	8,494	8,494	7,698	—	—
Sport and Recreation Facilities		—	—	310	1,263	1,263	1,263	3,970	—	—
Community Assets		15,001	—	5,606	9,036	9,757	9,757	11,668	—	—
Heritage Assets		—	—	—	—	—	—	—	—	—
Revenue Generating		—	—	—	—	—	—	—	—	—
Non-revenue Generating		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Operational Buildings		2,068	13,112	2,480	2,480	2,480	2,480	4,850	10,000	—
Housing		—	—	—	—	14,598	14,598	19,042	—	—
Other Assets		2,068	13,112	2,480	2,480	17,078	17,078	23,892	10,000	—
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Servitudes		—	—	—	—	—	—	—	—	—
Licences and Rights		—	—	—	—	—	—	200	—	—
Intangible Assets		—	—	—	—	—	—	200	—	—
Computer Equipment		—	—	—	100	610	610	890	—	—
Furniture and Office Equipment		—	1,133	1,215	341	341	341	964	—	—
Machinery and Equipment		—	998	—	542	492	492	1,925	—	—
Transport Assets		2,871	3,663	435	4,000	3,900	3,900	2,500	—	—
Land		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
TOTAL CAPITAL EXPENDITURE - Asset		59,552	81,257	42,046	56,547	71,381	71,381	69,493	47,202	39,839

KZN291 Mandeni - Table A9 Asset Management										
Description	Re	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
ASSET REGISTER SUMMARY - PPE	5	386,589	443,409	487,280	500,977	487,280	487,280	533,867	559,559	517,457
Roads Infrastructure		256,316	299,506	339,376	362,435	339,376	339,376	327,215	344,885	363,508
Storm water Infrastructure		1,215	1,215	800	800	800	800	5,206	5,487	5,783
Electrical Infrastructure		18,548	20,899	7,260	7,260	7,260	7,260	16,351	17,234	18,165
Water Supply Infrastructure										
Sanitation Infrastructure										
Solid Waste Infrastructure										
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure		276,079	321,619	347,436	370,495	347,436	347,436	348,772	367,605	387,456
Community Assets		45,988	50,289	59,098	56,789	59,098	59,098	62,268	65,631	
Heritage Assets										
Investment properties								58,194	58,199	58,199
Other Assets		64,149	69,894	79,642	71,894	79,642	79,642	25,289	26,655	28,094
Biological or Cultivated Assets										
Intangible Assets								382	402	424
Computer Equipment		374	1,607	1,105	1,800	1,105	1,105	1,632	1,720	1,813
Furniture and Office Equipment								2,870	3,025	3,188
Machinery and Equipment								9,587	10,105	10,650
Transport Assets								6,774	7,140	7,526
Land								18,100	19,077	20,108
Zoo's, Marine and Non-biological Animals										
TOTAL ASSET REGISTER SUMMARY	5	386,589	443,409	487,280	500,977	487,280	487,280	533,867	559,559	517,457
EXPENDITURE OTHER ITEMS		22,990,365	34,809	27,988	62,167	47,112	47,112	51,399	54,174	57,100
Depreciation	7	22,976,348	24,278	27,988	29,097	29,097	29,097	30,804	32,467	34,220
Repairs and Maintenance by Asset	3	14,017	10,530		33,070	18,015	18,015	20,595	21,707	22,879
Roads Infrastructure		5,363	1,475		8,128	4,693	4,693	4,525	4,769	5,027
Storm water Infrastructure		2,077	1,766		5,000					
Electrical Infrastructure			635		9,580	6,200	6,200	2,100	2,213	2,333
Water Supply Infrastructure										
Sanitation Infrastructure										
Solid Waste Infrastructure										
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure		7,440	3,876		22,708	10,893	10,893	6,625	6,983	7,360
Community Facilities		3,745	3,746		3,700	2,610	2,610	3,400	3,584	3,777
Sport and Recreation Facilities		278	50		300	150	150	450	474	500
Community Assets		4,023	3,796		4,000	2,760	2,760	3,850	4,058	4,277
Heritage Assets										
Revenue Generating										
Non-revenue Generating										
Investment properties										
Operational Buildings		534	410		850	250	250	1,600	1,686	1,777
Housing								200	211	222
Other Assets		534	410		850	250	250	1,800	1,897	2,000
Biological or Cultivated Assets										
Servitudes										
Licences and Rights								50	53	56
Intangible Assets								50	53	56
Computer Equipment			349							
Furniture and Office Equipment		388	1,701		912	512	512	20	21	22
Machinery and Equipment		1,631	399		4,600	3,600	3,600	4,450	4,690	4,944
Transport Assets								3,800	4,005	4,221
Land										
Zoo's, Marine and Non-biological Animals										
TOTAL EXPENDITURE OTHER ITEMS		22,990,365	34,809	27,988	62,167	47,112	47,112	51,399	54,174	57,100
Renewal and upgrading of Existing Assets		20.9%	38.2%	63.5%	70.9%	56.8%	56.8%	39.1%	0.0%	0.0%
Renewal and upgrading of Existing Assets as a % of PPE		0.1%	127.9%	95.4%	137.7%	139.4%	139.4%	88.2%	0.0%	0.0%
R&M as a % of PPE		4.1%	2.7%	0.0%	7.5%	4.0%	4.0%	4.3%	0.0%	0.0%
Renewal and upgrading and R&M as a %		7.0%	9.0%	5.0%	15.0%	12.0%	12.0%	9.0%	4.0%	4.0%

Explanatory notes to Table A9 - Asset Management

Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The budget for renewal and existing assets is below 40 per cent as per National Treasury guideline, the municipality has budgeted for 97.5 percent. An amount budgeted for the renewal of existing assets is based from the results of analysis of the municipal cash flows and available reserves; and the results have determined budget to be allocated based on our affordability in ensure realistic estimates against this item.

Table 21 MBRR Table A10 - Basic Service Delivery Measurement

KZN291 Mandeni - Table A10 Basic service delivery measurement									
Description	Ref	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Household service targets	1								
Water:									
Piped water inside dwelling		9,851	9,851	10,501	10,501	10,501	11,152	11,810	12,460
Piped water inside yard (but not in dwelling)		10,902	10,902	11,622	11,622	11,622	12,385	13,116	13,837
Using public tap (at least min.service level)	2	—	—	—	—	—	—	—	—
Other water supply (at least min.service level)	4	17,482	17,482	18,636	18,636	18,636	19,791	20,821	21,966
<i>Minimum Service Level and Above sub-total</i>		38,235	38,235	40,759	40,759	40,759	43,329	45,746	48,262
Using public tap (< min.service level)	3	—	—	—	—	—	—	—	—
Other water supply (< min.service level)	4	—	—	—	—	—	—	—	—
No water supply		—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		—	—	—	—	—	—	—	—
Total number of households	5	38,235	38,235	40,759	40,759	40,759	43,329	45,746	48,262
Sanitation/sewerage:									
Flush toilet (connected to sewerage)		11,313	11,313	12,060	12,060	12,060	12,807	13,563	14,309
Flush toilet (with septic tank)		—	—	—	—	—	—	—	—
Chemical toilet		8,587	8,587	9,154	9,154	9,154	9,721	10,295	10,861
Pit toilet (ventilated)		15,173	15,173	16,174	16,174	16,174	17,177	18,191	19,191
Other toilet provisions (> min.service level)		2,690	2,690	2,868	2,868	2,868	3,045	3,255	3,434
<i>Minimum Service Level and Above sub-total</i>		37,763	37,763	40,255	40,255	40,255	42,751	45,304	47,795
Bucket toilet		472	472	472	472	472	300	—	—
Other toilet provisions (< min.service level)		—	—	—	—	—	—	—	—
No toilet provisions		—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		472	472	472	472	472	300	—	—
Total number of households	5	38,235	38,235	40,727	40,727	40,727	43,051	45,304	47,795
Energy:									
Electricity (at least min.service level)		1,040	1,040	1,040	1,040	1,040	389	389	389
Electricity - prepaid (min.service level)		—	—	—	—	—	574	574	574
<i>Minimum Service Level and Above sub-total</i>		1,040	1,040	1,040	1,040	1,040	963	963	963
Electricity (< min.service level)		—	—	—	—	—	—	—	—
Electricity - prepaid (< min. service level)		—	—	—	—	—	—	—	—
Other energy sources		—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		—	—	—	—	—	—	—	—
Total number of households	5	1,040	1,040	1,040	1,040	1,040	963	963	963
Refuse:									
Removed at least once a week		11,705	11,705	11,705	11,705	11,705	23,700	23,700	23,700
<i>Minimum Service Level and Above sub-total</i>		11,705	11,705	11,705	11,705	11,705	23,700	23,700	23,700
Removed less frequently than once a week		—	—	—	—	—	—	—	—
Using communal refuse dump		—	—	—	—	—	—	—	—
Using own refuse dump		—	—	—	—	—	—	—	—
Other rubbish disposal		—	—	—	—	—	—	—	—
No rubbish disposal		—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		—	—	—	—	—	—	—	—
Total number of households	5	11,705	11,705	11,705	11,705	11,705	23,700	23,700	23,700

KZN291 Mandeni - Table A10 Basic service delivery measurement									
Description	Ref	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
		Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Households receiving Free Basic Service	7								
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	1,876	1,876	1,876
Refuse (removed at least once a week)		-	-	-	-	-	23,700	23,700	23,700
Cost of Free Basic Services provided - Formal Settlements	8								
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	505	533	562
Cost of Free Basic Services provided - Informal Formal Settlements		-	-	-	-	-	-	-	-
Total cost of FBS provided		-	-	-	-	-	505	533	562
Highest level of free service provided per household									
Property rates (R value threshold)									
Water (kilolitres per household per month)									
Sanitation (kilolitres per household per month)									
Sanitation (Rand per household per month)									
Electricity (kwh per household per month)									
Refuse (average litres per week)									
Revenue cost of subsidised services provided (R'000)	9								
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)		15	15	15	15	15	15	15	15
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA		-	-	1,627	1,627	1,627	15,858	16,714	17,633
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-
Municipal Housing - rental rebates									
Housing - top structure subsidies									
Other	6								
Total revenue cost of subsidised services provided		15	15	1,642	1,642	1,642	15,873	16,729	17,648

Explanatory notes to Table A10 - Basic Service Delivery Measurement

Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

The Municipality continues to make good progress with the eradication of backlogs in the area as it is estimated approximately 15 000 households:

Electricity services – backlog will be reduced by 1 500 households. As indicated in the IDP, the emphasis in the electricity sector is on addressing urgent network upgrades.

Once the most pressing network issues have been addressed, the electrification programme will be prioritised; with 4500 households budgeted to be electrified in 2019/20. Free basic electricity is provided by Eskom on behalf of the municipality to its registered beneficiaries within Mandeni as per the approved indigent register. Budget allocated of R1.5 million has considered Eskom invoices for providing the service.

Transfers and subsidies have increased with a budget amount of R3.3 million from 2018/19 adjusted budget to 2019/20 financial year; this is due to increase in INEP allocation, furthermore the municipality has considered the increase in the number of beneficiaries that qualify for these free basic service in terms of level of demand. The increase has also considered the tariff of 7.3 per cent as the proposed by NERSA for electricity basic electricity through local government and the municipality has also considered annually review its indigent register as per the indigent policy. Therefore, it becomes possible that the number of beneficiaries on our indigent register varies over the years depending on the approved register.

Refuse services – backlog will be reduced by 1107 households in 2019/20, and a further 87 households in the outer two years of the MTREF. However, it should be noted that this function is being reviewed with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.

The budget provides for 30152 households to be registered as indigent in 2019/20, and therefore entitled to receiving Free Basic Services. The number is set to increase to 1500 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.

It is anticipated that these Free Basic Services will cost the municipality R 2.1 million in 2019/20, increasing to R2.3million in 2021/22. This is covered by the municipality's equitable share allocation from national government; the municipality has in place an indigent register which is reviewed quarterly, currently the indigent list has 2000 households which are receiving 50kw.

In addition to the Free Basic Services, the Municipality also 'gives' households R9.5 million for free basic service electricity through an electrification programme in 2019/20, and it increases to R10 million in 2021/22. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the 'free services' represent about 3.9 per cent of total operating expenditure.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Portfolio Committee for Finance.

The primary aims of the Budget Steering Committee are to ensure: that the process followed to compile the budget complies with legislation and good budget practices; that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality; that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

Budget Steering Committee meetings were convened during the process of compiling the 2019/20 budget and MTREF.

2.2 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2018) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 31st August 2018. Key dates applicable to the process were:

August 2018 – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritization criteria for the compilation of the 2019/20 MTREF; IDP/BUDGET/PMS Technical Committee Meeting to discuss Process Plan

September 2018 – Review of National Policies and budget plans and potential price increase of bulk resources with function and department officials

December 2018 - Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;

3 to 7 January 2019 - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;

January 2019 – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;

25 January 2019 - Council considers the 2018/19 Mid-year Review;

February 2019 - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The 2018/19 MTREF is revised accordingly;

28 February 2019 – Council considers the 2018/19 Adjustment Budget

February 2019 - Finalize and submit to the Mayor proposed budget and plans for next three-year budget taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for previous years audited AFS and AR

29th March 2019 - Tabling in Council of the 2019/20 IDP and Budget MTREF for public consultation;

April 2019 – Public consultation;

29th April 2019 - Closing date for written comments;

01 April to 07 March 2019 – finalization of the 2019/20 IDP and 2019/20 & MTREF BUDGET, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and

30th March 2019 - Tabling of the 2019/20 & MTREF before Council for consideration and approval.

2.3 IDP and Service Delivery and Budget Implementation Plan

This is the fourth generation of the municipal IDP, as this is the new (Integrated Development Plan) IDP which has been adopted by Council in March 2019. It started in August 2018 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2019/20 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the third generation included the following key IDP processes and deliverables:

Registration of community needs;

Compilation of departmental business plans including key performance indicators and targets;

Financial planning and budgeting process;

Public participation process;

Compilation of the SDBIP, and

The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2019/20 MTREF, based on the approved 2018/19 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2019/20 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2018/19 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.3.1 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2019/20 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2019/20 MTREF:

Municipality growth
Policy priorities and strategic objectives
Asset maintenance
Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
Performance trends
The approved 2018/19 adjustments budget and performance against the SDBIP
Cash Flow Management Strategy
Debtor payment levels
Loan and investment possibilities
The need for tariff increases versus the ability of the community to pay for services;
Improved and sustainable service delivery
Dashboard imperatives
Disaster management mandate
Traffic Department
Vacant positions
Indigent customers
Job evaluation result

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54, 58, 59, 66 and 67,70,71,72, 74,75,78,79,82,85,86,89,91,93 and 94 have been taken into consideration in the planning and prioritisation process.

2.3.2 Community Consultation

The Budget for 2019/20 MTREF was tabled before Council on 31st March 2019 for community consultation and **it will be** published on the municipality's website, and hard copies **will be** made available at customer care offices, municipal notice boards and various libraries. The opportunity to give electronic feedback **will be** communicated on the Municipality's website, and the Municipality's call centre **will be** engaged in collecting inputs via e-mail, fax and SMS.

All documents in the appropriate format (electronic and printed) **will be** provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees **will be** utilised to facilitate the community consultation process from 01 April to 30 April 2019, and include 8 public briefing sessions. The applicable dates and venues **will be** published in all the local newspapers. This **has then** be compared to the previous year's process. This then attributed to the additional initiatives that **will be** launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions **will be** scheduled with organised business and imbizo's **will be** held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

2.4 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five-year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Development Plan (NDP).

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's strategic objectives for the 2019/20 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 22 IDP Strategic Objectives

IDP/POE REF	KEY PERFORMANCE AREA	GOAL	MLM OBJECTIVE	STRATEGIC	STRATEGIES	RESPONSIBLE DEPARTMENT	
GOOD GOVERNANCE AND PUBLIC PARTICIPATION							
GGPP 01	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	TO FOSTER A CULTURE OF COMMUNITY INVOLVEMENT AND GOOD GOVERNANCE IN THE AFFAIRS OF THE MUNICIPALITY	2.3 Ensure a participative, transparent and accountable governance		2.3.1 Improve the public participation processes	Community services	
GGPP 02						OMM	
GGPP 03						2.3.2 Ensure the existence and functionality of the public participation structures	OMM
GGPP 04						2.3.3 Ensure functional municipal structures	Corporate services
GGPP 05							Office of the MM
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT							
BSD 01	BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Providing equal access to high quality sustainable basic infrastructure and services	1.1. To improve access to basic services		1.1.1. Facilitate the reduction of water and sanitation infrastructure and service backlogs.	TSD	
BSD 03					1.1.2 Facilitate access to electricity for all targeted	TSD	
BSD 04					1.1.3 Reduce the road and storm-water infrastructure	TSD	
BSD 05					1.1.4 Facilitate the reduction of the housing backlog	TSD	
BSD 18					1.1.5 Provide efficient waste collection and management	TSD	
BSD 19					1.1.6 Maintain a functional Infrastructure Development	TSD	
BSD 22					1.1.7 To prepare a 3 year capital infrastructure funding plan	TSD	

IDP/POE REF	KEY PERFORMANCE AREA	GOAL	MLM OBJECTIVE	STRATEGIC	STRATEGIES	RESPONSIBLE DEPARTMENT
FINANCIAL VIABILITY AND MANAGEMENT						
FVM 01	FINANCIAL VIABILITY AND MANAGEMENT	TO DEVELOP A SUSTAINABLE AND EFFICIENT MUNICIPALITY BASED ON SOUND FINANCIAL MANAGEMENT	2.2 Ensure a financially viable municipality.	2.2.1 Improve the audit opinion	OMM	
FVM 03				2.2.2 Ensure the IDP aligned financial planning	BTO	
FVM 04				2.2.3 Effectively and efficiently manage the expenditure of the municipality	BTO	
FVM 09				2.2.4 Manage and increase the municipal revenue base	BTO	
FVM 13				2.2.5 Ensure that the municipality acquires	BTO	
FVM 14				2.2.6 Ensure a constant and accurate financial reporting.	BTO	
FVM 16					BTO	
COMMUNITY AND SOCIAL SERVICES DEVELOPMENT						
CSD 01	COMMUNITY AND SOCIAL SERVICES DEVELOPMENT	Providing and facilitating access to social services and facilities.	5.1 Ensure that our people have access to community facilities and services	5.1.1 Provide the library services 5.1.2 Facilitate the provision of new community facilities	CSPS	
CSD 02			5.2 Aspire to a healthy, safe and crime free area	5.2.1 Facilitate the provision of the community health facilities	CSPS	
CSD 03				5.2.2 Ensure the municipal contribution to HIV/AIDS	CSPS	
CSD 04				5.2.3 Improve on road safety	CSPS	
CSD 05				5.2.4 Ensure the municipal contribution to community	CSPS	
CSD 06				5.3.2 Design and implement sports, arts and	CSPS	
LOCAL ECONOMIC DEVELOPMENT						

LED 01	LOCAL ECONOMIC DEVELOPMENT	3. Promoting and facilitating human development	3.1 Achieve a holistic human development and capacitation for the realisation of skilled and employable workforce	3.1.1 Improve the community skills base	EDPHS
LED 03		4. Facilitate the creation of job opportunities		3.1.2 Ensure the empowerment of youth, women and people living with disabilities	EDPHS
LED 04			4.1 Facilitating the creation of employment opportunities for skilled and employable people	4.1.1 Implement the EPWP programme	EDPHS
LED 06				4.1.2 Strategically plan for the local economic development	EDPHS
				4.1.3 facilitate the implementation of the CWP	
LED 07				4.1.4 Coordinate the fight against poverty	EDPHS
				4.1.5 Unlock the agricultural potential	
				4.1.6 Promote the manufacturing sector activities	
				4.1.7 Facilitate SMME development	
				4.1.8 Promote Mandeni to be a tourist destination.	

IDP/POE REF	KEY PERFORMANCE AREA	GOAL	MLM OBJECTIVE	STRATEGIC	STRATEGIES	RESPONSIBLE DEPARTMENT
MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION						
IDT 01	MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION	2. Provision of effective, efficient, transparent and accountable leadership	2.1 Creating a conducive working environment	2.1.1 Maintain and improve the municipal policies	CSD	
IDT 02				2.1.2 Ensure effective and efficient human resource management	CSD	
IDT 03				2.1.3 Ensure effective and efficient human resource development	CSD	
IDT 04				2.1.4 Improve performance	CSD	
IDT 05				2.1.5 Improve information technology and document management systems	CSD	
IDT 06				2.1.6 Improve on customer care	CSD	
IDT 07				2.1.7 Maintain and improve municipal	CSD	
IDT 08						
BACK TO BASICS –Cross cutting measures						
SDF 01	SPATIAL RATIONAL AND ENVIRONMENTAL MANAGEMENT	Promoting and facilitating environmental protection and sustainable spatial planning.	6.1 Realise a completely protected environment	6.1.1 Improve community awareness on environmental protection 6.1.2 Implement the coastal management plan	EDPHS	
			6.2 Facilitate a creation of a disaster ready community	6.2.1 Develop and adopt the disaster management plan 6.2.2 Create a community disaster awareness		
SDF 02			6.3 Ensure an integrated and aligned development planning	6.3.1 Implement the SDF 6.3.2 Implement the Dokodweni Local Area Development Plan	EDPHS	

SDF 03				6.3.3 Implement the Tugela Mouth Local Area Development Plan	EDPH
				6.3.4 Ensure the existence of the municipal land use guideline	
				6.3.5 Promote the municipal integrated planning	

In order to ensure that the IDP was implemented in a coordinated manner, the municipality has established sound institutional arrangements.

Between all spheres of government it has been established a working relationship with that of national and provincial government on infrastructure development, economic development, social services, poverty alleviation and building

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

Provision of quality basic services and infrastructure which includes, amongst others:

Provide electricity;
Provide housing;
Provide roads and storm water;
Provide Municipality planning services; and
Maintaining the infrastructure of the Municipality.

Economic growth and development that leads to sustainable job creation by:

Ensuring there is a clear structural plan for the Municipality;
Ensuring planning processes function in accordance with set timeframes;
Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1. Fight poverty and build clean, healthy, safe and sustainable communities:

Effective implementation of the Indigent Policy;
Working with the provincial department of health to provide primary health care services;
Extending waste removal services and ensuring effective Municipality cleansing;
Working with strategic partners such as SAPS to address crime;
Ensuring safe working environments by effective enforcement of building and health regulations;
Promote viable, sustainable communities through proper zoning; and
Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities

Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinate with the informal settlements upgrade programme

3.3 Foster participatory democracy and Batho pele principles through a caring, accessible and accountable service by:

Optimising effective community participation in the ward committee system; and
Implementing batho pele in the revenue management strategy.

3.4 Promote sound governance through:

Publishing the outcomes of all tender processes on the municipal website

3.5 Ensure financial sustainability through:

Reviewing the use of contracted services, continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan.

3.6 Optimal institutional transformation to ensure capacity to achieve set objectives

Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

Developing dormant areas;

Enforcing hard development lines – so as to direct private investment;

Maintaining existing urban areas;

Strengthening key economic clusters;

Building social cohesion;

Strong developmental initiatives in relation to the municipal institution as a whole; and

Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the third generation IDP, including:

Strengthening the analysis and strategic planning processes of the Municipality;

Initiating zoned planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;

Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2019/20 MTREF has therefore been directly informed by the IDP development process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 23 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

KZN291 Mandeni - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)												
Strategic Objective	Goal	Goal I Re	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure			
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
R thousand												
Sustainable Services	Electricity		20,028	31,380	24,589	20,426	23,926	23,926	39,748	31,767	33,483	
Sustainable Services	Waste Management		6,339	7,750	8,928	8,394	9,044	9,044	9,510	10,023	10,564	
Sustainable Services	Health											
Sustainable Services	Community		1,979	2,196	344	4,092	5,154	5,154	6,443	6,791	7,158	
Infrastructure	Roads & Stormwater											
Infrastructure	Cemeteries						769	769				
Infrastructure	Housing			145	–							
Infrastructure	Public Amenities											
Good Governance	Support Services											
Good Governance	Integrated Planning		39,850	562	6,045				3,724	3,925	4,137	
Good Governance	Financial Management		181,157	201,630	192,244	205,543	214,203	214,203	231,285	250,579	261,869	
Good Governance	Human Resources Management									–	–	
Good Governance	Executive and Council		204	–		7,251	7,251	7,251	7,489	7,893	8,320	
Environmental Management	Land Management				8,928					–	–	
Economic Development	Local Economic Development					159	809	809	1,415	1,491	1,572	
Social Development	Culture & Sport		13	–		64	64	64	7	7	7	
Social Development	Public Participation									–	–	
Safety & Security	Security		1,112	1,476	1,574					–	–	
Safety & Security	Disaster Management									–	–	
Safety & Security	Road Safety			34,326	40,834	1,972	1,872	1,872	1,752	1,846	1,946	
Allocations to other priorities			2									
Total Revenue (excluding capital transfer:			1	250,684	279,465	283,486	247,900	263,092	263,092	301,372	314,323	329,056

Table 24 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

KZN291 Mandeni - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)													
Strategic Objective	Goal	Goal Code	Re	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
R thousand													
Sustainable Services	Electricity			21,675	31,789	28,976	32,417	34,927	34,927	41,757	38,691	46,292	
Sustainable Services	Waste Management			7,474	3,450	3,774	8,731	8,226	8,226	9,173	9,669	10,191	
Sustainable Services	Health			–	–						–	–	
Sustainable Services	Community			8,902	10,377	–	11,212	14,604	14,604	25,559	26,939	28,394	
Infrastructure	Roads & Stormwater			10,101	8,209		16,456	13,012	13,012	25,147	26,505	27,936	
Infrastructure	Cemeteries			119							–	–	
Infrastructure	Housing			–	–			769	769	140	148	156	
Infrastructure	Public Amenities					9,643					–	–	
Good Governance	Support Services			14,060	18,365		22,549	27,799	27,799	36,200	38,155	40,215	
Good Governance	Integrated Planning			30,173	26,027	25,610	33,418	26,394	26,394	21,246	22,393	23,602	
Good Governance	Financial Management			55,761	77,680	74,850	66,357	75,302	75,302	71,629	75,497	79,574	
Good Governance	Human Resources Management			3,160	2,503	–					–	–	
Good Governance	Executive and Council			39,950	36,260	39,480	27,944	29,038	29,038	42,425	44,716	47,131	
Environmental Management	Land Management			6,909	8,557	3,807	8,851	8,655	8,655		–	–	
Economic Development	Local Economic Development				3,960	–					–	–	
Social Development	Culture & Sport			901	963		788	788	788	1,444	1,522	1,605	
Social Development	Public Participation					–					–	–	
Safety & Security	Security			18,600	19,310		19,177	23,577	23,577	21,569	22,734	23,961	
Safety & Security	Road Safety					35,936					–	–	
Allocations to other priorities													
Total Expenditure				1	217,788	247,450	222,077	247,900	263,092	263,092	296,289	306,969	329,056

Table 25 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

KZN291 Mandeni - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)												
Strategic Objective	Goal	Goal Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure			
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
R thousand												
Sustainable Services	Electricity	A	2,102	31,044	3,395	3,295	2,450	2,450	1,446			
Sustainable Services	Waste Management	B	419	–					445			
Sustainable Services	Health	C										
Sustainable Services	Community	D	12,841	557	1,714	6,822	8,707	8,707	11,628			
Infrastructure	Roads & Stormwater	E				36,341	35,697	35,697	23,158	37,202	39,839	
Infrastructure	Cemeteries	F										
Infrastructure	Housing	G					14,598	14,598	19,042			
Infrastructure	Public Amenities	H			11,122	1,794	8,779	8,779				
Good Governance	Support Services	I	550	1,034								
Good Governance	Integrated Planning	J	3,160	8,103	9,818	1,815			4,584			
Good Governance	Financial Management	K	–	2,810								
Good Governance	Human Resources Management	L				300	750	750	1,150			
Good Governance	Executive and Council	M	–	–		4,980						
Environmental Management	Land Management	N										
Economic Development	Local Economic Development	O				200						
Social Development	Culture & Sport		–	87					2,870			
Social Development	Public Participation											
Safety & Security	Security		816	–	25							
Safety & Security	Road Safety	P	39,665	37,623	32,232	1,000	400	400	5,170	10,000		
Allocations to other priorities			3									
Total Capital Expenditure			1	59,552	81,257	58,307	56,547	71,381	71,381	69,493	47,202	39,839

2.5 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

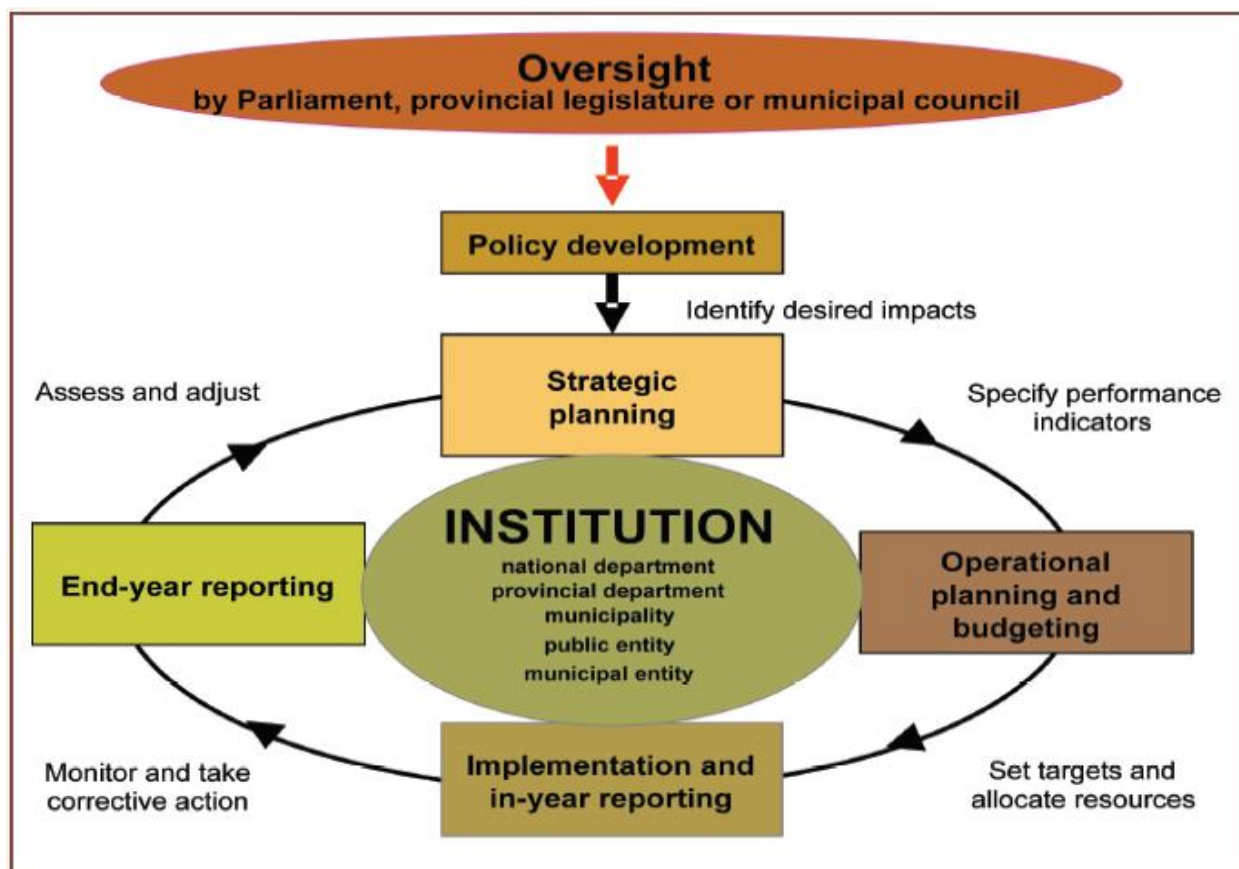


Figure 2 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

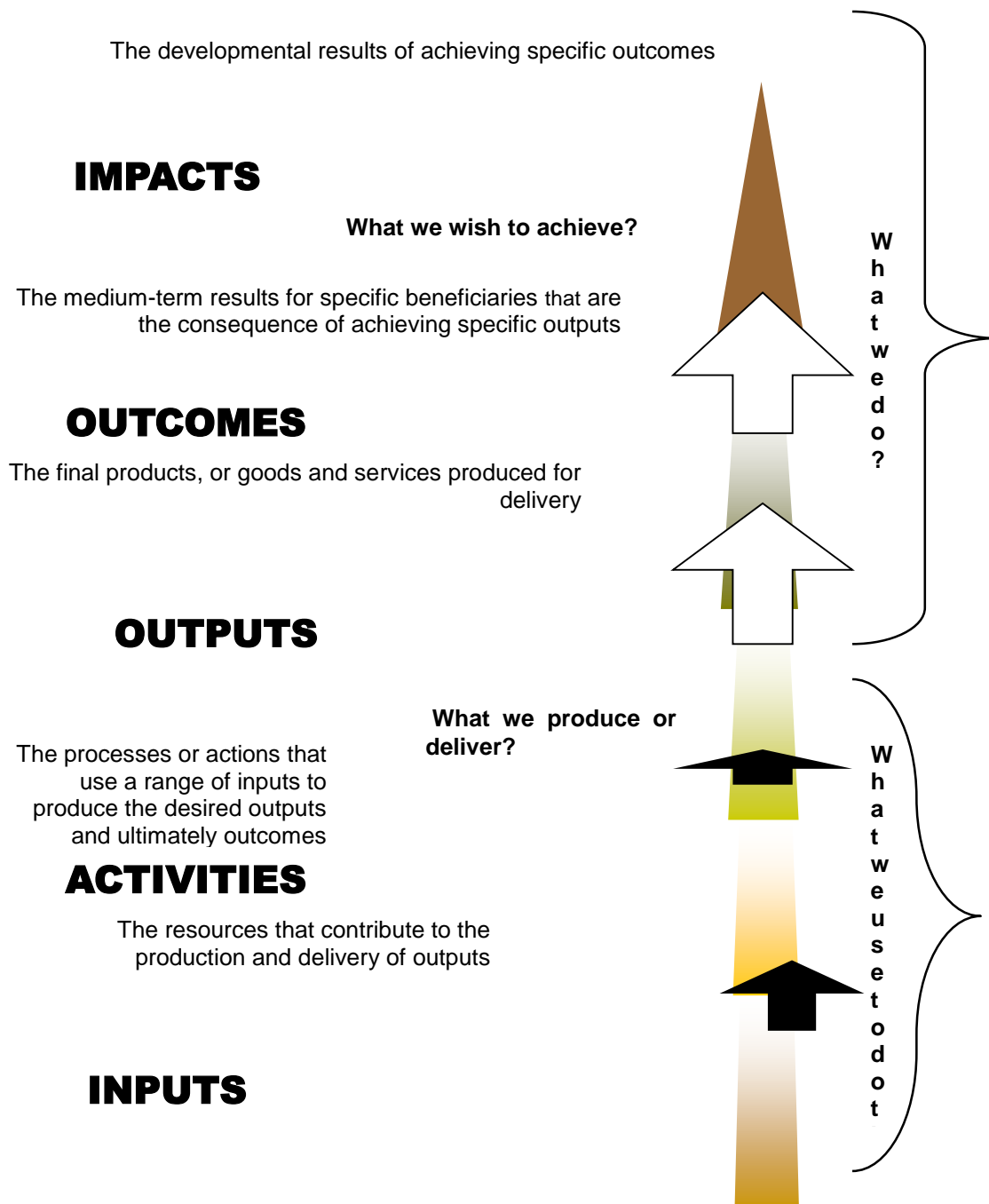


Figure 3 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year

Table 26 MBRR Table SA7 - Measurable performance objectives

KZN291 Mandeni - Supporting Table SA7 Measureable performance objectives								
Description	Unit of measurement	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Vote 1 - Roads &								
Function 1 - Roads								
Sub-function 1 -								
Reduce backlogs	percentage	4,102	55.0%	55.0%	55.0%	65.0%	57.0%	57.0%
Sub-function 2 - Roads								
resurfaced/rehabilitated	kilometres		60.0%	60.0%	60.0%	55.0%	62.0%	65.0%
Sub-function 3 - Roads								
Stormwater	kilometres		15.0%	15.0%	15.0%	35.0%	20.0%	25.0%
Function 2 - Energy &								
Sub-function 1 -								
eradicate backlogs	number of	911	13.0%	13.0%	13.0%	20.0%	15.0%	20.0%
Sub-function 2 - New								
Completed and occupied	number of		263.0%	263.0%	263.0%	155.0%		
Sub-function 3 - Maintain								
Electricity & repairs	percentage	500						
Maintenance								
Sub-function 4 - Provide								
New Streetlight as per ward	number	3,997	540.0%	540.0%	540.0%	75.0%	60.0%	65.0%
Vote 2 - vote name								
Function 1 - (name)								
Sub-function 1 - (name)								
Insert measure/s description		3,997						
Sub-function 2 - (name)								
Insert measure/s description								
Sub-function 3 - (name)								
Insert measure/s description								
Function 2 - (name)								
Sub-function 1 - (name)								
Insert measure/s description								
Sub-function 2 - (name)								
Insert measure/s description		93						

The following table sets out the municipalities main performance objectives and benchmarks for the 2019/20 MTREF.

Table 27 MBRR Table SA8 - Performance indicators and benchmarks

KZN291 Mandeni - Supporting Table SA8 Performance indicators and benchmarks										
Description of financial indicator	Basis of calculation	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Borrowing Management</u>										
Credit Rating										
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.6%	-0.3%	0.0%	0.9%	0.9%	0.9%	1.1%	1.1%	1.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	1.7%	-0.8%	0.0%	2.6%	2.3%	2.3%	3.1%	2.8%	2.7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>										
Gearing	Long Term Borrowing/ Funds & Reserves	36.1%	173.8%	133.0%	174.1%	214.1%	214.1%	185.2%	176.0%	167.2%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	2.6	1.7	2.8	1.0	3.1	3.1	3.5	3.6	3.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.6	1.7	2.8	1.0	3.1	3.1	3.5	3.6	3.8
Liquidity Ratio	Monetary Assets/Current Liabilities	1.0	0.4	0.9	0.1	0.2	0.2	0.7	—	—
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		124.1%	133.0%	103.0%	69.9%	99.9%	99.9%	89.6%	78.3%
Current Debtors Collection Rate (Cash receipts % of Outstanding Debtors to Revenue)	Total Outstanding Debtors to Annual Revenue	124.1%	133.0%	103.0%	69.9%	82.5%	82.5%	77.4%	78.3%	78.3%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	18.7%	16.9%	29.3%	26.8%	29.2%	29.2%	27.1%	23.5%	19.9%
<u>Creditors Management</u>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s									
Creditors to Cash and Investments		57.3%	179.0%	83.6%	94.0%	36.3%	36.3%	46.0%	26.9%	15.2%
<u>Other Indicators</u>										
Electricity Distribution Losses (2)	Total Volume Losses (kWh) Total Cost of Losses (Rend 1000) % Volume (units purchased and generated less units sold)/units Total Volume Losses (kWh)									
Water Distribution Losses (2)	Total Cost of Losses (Rend 1000) % Volume (units purchased and generated less units sold)/units									
Employee costs	Employee costs/(Total Revenue - capital revenue)	27.4%	26.1%	27.3%	33.9%	32.0%	32.0%	32.3%	32.6%	31.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	31.4%	30.0%	31.7%	39.3%	37.0%	37.0%	36.9%	37.3%	36.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.6%	3.8%	0.0%	13.3%	6.8%	6.8%	14.3%	14.4%	14.1%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	9.9%	9.7%	0.0%	12.1%	11.4%	11.4%	10.6%	10.7%	10.6%
<u>IDP regulation financial viability indicators</u>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	(98.3)	26.3	20.5	17.6	17.6	17.6	16.6	16.8	17.7
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	99.1%	90.7%	96.2%	86.5%	95.1%	95.1%	91.4%	78.3%	67.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	2.3	1.0	—	1.1	3.5	3.5	1.1	1.2	2.0

2.6 Performance indicators and benchmarks

2.6.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Mandeni Municipality's borrowing strategy is primarily informed by the affordability of debt repayments.

The Municipality has raised mainly amortising loans over the past fifteen years, hence effectively 'front-loading' its debt service costs

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

2.6.1.2 Liquidity

Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2018/18 MTREF the current ratio is 1.3 in the 2019/20 financial year and 2.9 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.

The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2017/19 financial year the ratio was 3.1 and as part of the financial planning strategy it has been maintained at 3.5 in the 2019/20 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

2.6.1.3 Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

2.6.1.4 Creditors Management

The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of no concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favorable impact on suppliers' perceptions of risk of doing business with the

Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.6.1.5 Other Indicators

Employee costs as a percentage of operating revenue continues to increase over the MTREF. This is primarily owing to the review of organogram and low tariff increase which has direct relationship with low billing level.

Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also increasing owing directly to cost drivers such as assets maintenance plans far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

2.6.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2019/20 financial year 30152 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to, 50 kwh of electricity and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 64.

Note that the number of households in informal areas that receive free services and the cost of these services are not taken into account in the table noted above.

2.7 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.7.1 Review of credit control and debt collection procedures/policies

The Collection Policy has been currently reviewed and it has been approved by Council in March 2019. The policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2019/20 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 68 per cent on current billings, current year collection rate of 65 per cent has determined the 2019/20 collection rate. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

2.7.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.7.3 Supply Chain Management Policy

The Supply Chain Management Policy has been amended and adopted by Council on the 30th March 2019. A reviewed policy has been considered by Council of which the amendments will extensively be consulted on.

2.7.4 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virement Policy is currently has been reviewed and adopted by Council in March 2019.

2.7.5 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy have been currently reviewed and adopted by Council in March 2019. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

2.7.6 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Credit Control and Credit Control Policy;
- Supply Chain Management Policy
- Asset Management Policy
- Borrowing Policy;
- Budget Implementation and management Policy;
- Basic Social Services Package (Indigent Policy).
- Corporate Social Fund Policy
- Asset Loss Control Policy
- Insurance Policy
- Tariff Policy
- Unauthorized, Irregular, Fruitless & wasteful Expenditure policy
- Long-term Financial Planning Policy
- Related Parties Policy

2.8 Overview of budget assumptions

2.8.1 External factors

The economic and revenue outlook has deteriorated since the October 2018 Medium Term Budget Policy Statement (MTBPS). Funding pressures from state-owned companies have increased and require government financial support. Given these developments, the 2019 Budget proposes large-scale expenditure reprioritization and tax measures that narrow the deficit from 4.5 per cent of GDP in 2019/20 to 4 per cent by 2021/22.

The 2018 MTBPS noted that weak economic performance and revenue shortfalls had contributed to some slippage in fiscal projections. Since then, economic growth has remained subdued and the domestic GDP outlook has been revised down. In the current year, tax revenue will be R15.4 billion below the 2018 MTBPS estimate. Funding pressures from Eskom and other financially distressed state-owned companies have increased, with several requesting state support to continue operating. In this context, the 2019 Budget proposes a series of tax and expenditure measures aimed at narrowing the deficit and stabilizing the debt-to-GDP ratio. Additions to spending amount to R75.3 billion over the medium term, consisting mainly of transfers to support the reconfiguration of Eskom. These additions are partially offset by reductions to expenditure baselines and proposed savings from compensation adjustments totaling R50.3 billion. Tax measures raise an additional R15 billion in 2019/20 and R10 billion in 2020/21.

In combination, these measures are expected to narrow the consolidated budget deficit from a projected 4.5 per cent of GDP in 2019/20 to 4 per cent of GDP in 2021/22. Gross national debt is projected to stabilize at 60.2 per cent of GDP in 2023/24. Net loan debt (gross loan debt excluding government's cash balances) stabilizes at 57.3 per cent of GDP in 2024/25.

The GDP growth rate is forecasted at 1.5 per cent in 2019, 1.7 per cent in 2020 and 2.1 per cent in 2021. The revisions take into account weaker investment outcomes in 2018, a more fragile recovery in household income and slower export demand than expected due to moderating global growth. Consumer inflation has also been revised down due to lower oil prices and food inflation than previously assumed.

- 2.8.2 The main risks to the economic outlook are continued policy uncertainty and deterioration in the finances of state-owned entities. These factors, alongside continued high unemployment and slow growth will continue to exert pressure on municipal revenue generation and collection levels hence a conservative approach is advised for municipal revenue projections. Municipalities affected by the drought should also consider its impact on revenue generation. In this context, municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures. General inflation outlook and its impact on the municipal activities**

There are five key factors that have been taken into consideration in the compilation of the 2019/20 MTREF:

National Government macro-economic targets;

The general inflationary outlook and the impact on Municipality's residents and businesses;

The impact of municipal cost drivers;

The increase in prices for bulk city and water; and

The increase in the cost of remuneration. Employee related costs comprise 38 per cent of total operating expenditure in the 2019/20 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

2.8.3 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (68 per cent) of annual billings for property rates. Cash flow is assumed to be 68 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

Service Charges on electricity and refuse removal are billed simultaneously, therefore an average collection rate of 78% is assumed for service charged due to controls that are in place as per the credit control policy.

2.8.4 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.8.5 Salary increases

The *Salary and Wage Collective Agreement* for the period 01 July 2018 to 30 June 2021 dated 15 August 2018 through the South African Local Government Bargaining Council Circular No. 6 of 2018 should be used when budgeting for employee related costs for the 2019 MTREF.:

The salary wage increase, in terms of the clause 6.3 and 6.5 of the collective Agreement shall be six comma five (6.5%), with the effect from 1 July 2019 as per Circular No.1/2019.

2.8.6 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

Creating jobs;
Enhancing education and skill development;
Improving Health services;
Rural development and agriculture; and
Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.8.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 85 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2019/20 & MTREF of which performance has been factored into the cash flow budget.

2.9 Overview of budget funding

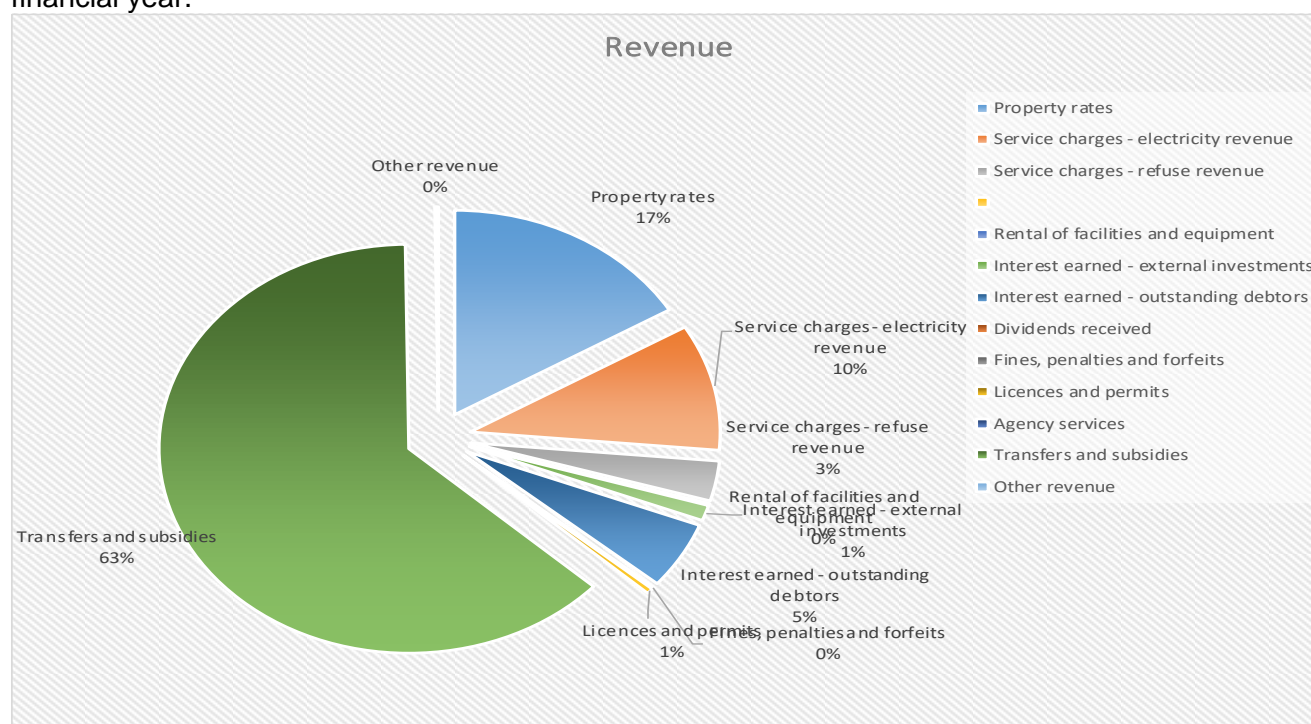
2.9.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 28 Breakdown of the operating revenue over the medium-term

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description	Re	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source										
Property rates	2	27,408	30,557	52,422	47,732	47,732	47,732	49,509	52,182	55,000
Service charges - electricity revenue	2	13,186	13,399	24,589	20,394	23,894	23,894	30,140	31,767	33,483
Service charges - refuse revenue	2	6,339	7,750	8,928	8,393	9,043	9,043	9,510	10,023	10,564
Rental of facilities and equipment		286	241	344	271	271	271	258	272	286
Interest earned - external investments		3,627	2,961	3,033	2,900	2,900	2,900	3,690	3,889	4,099
Interest earned - outstanding debtors		9,766	9,864		4,400	13,060	13,060	15,975	16,838	17,747
Dividends received										
Fines, penalties and forfeits		32	350	377	500	500	500	405	427	450
Licences and permits		1,123	1,175	1,197	1,472	1,372	1,372	1,320	1,391	1,466
Agency services										
Transfers and subsidies	2	177,133	181,232	191,900	161,481	163,813	163,813	189,900	196,832	213,027
Other revenue	2	11,785	31,935	697	356	506	506	665	701	739
Gains on disposal of PPE										
Total Revenue (excluding capital transfers and		250,685	279,465	283,486	247,900	263,092	263,092	301,372	314,323	336,863

The following graph is a breakdown of the operational revenue per main category for the 2019/20 financial year.

**Figure 4 Breakdown of operating revenue over the 2019/20 MTREF**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity, Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

Growth in the Municipality and economic development;

Revenue management and enhancement;

Achievement of a 68 per cent annual collection rate for consumer revenue;

National Treasury guidelines;

Electricity tariff increases within the National Energy Regulator of South Africa (NERSA) approval;

Achievement of full cost recovery of specific user charges;

Determining tariff escalation rate by establishing/calculating revenue requirements;

The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and

The ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2019/20 MTREF on the different revenue categories are:

Table 29 Proposed tariff increases over the medium-term

Description	Re	2019/20	2020/21	2021/22			
		Proposed Increase	Proposed Increase	Proposed Increase	2019/20 Additional Revenue owing for each 1% tariff increase	2020/21 Additional Revenue owing for each 1% tariff increase	2019/20 Total Budgeted Revenue 000
Property Rates		5.2%	5.4%	5.4%	1,061	1,118	49,508,740
Electricity		7.3%	5.4%	5.4%	506	533	30,139,876
Refuse Removal		5.2%	5.4%	5.4%	2,297	2,421	9,509,657

Revenue to be generated from property rates is R49.5 million in the 2019/20 financial year and increases to R55.0 million by 2021/22 which represents 16.4 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

Services charges relating to electricity and refuse removal constitutes the third largest component of the revenue basket of the Municipality totaling R39.7 million for the 2019/20 financial year and increasing to R44.3 million by 2021/22. For the 2019/20 financial year services charges amount to 13.1 per cent of the total revenue base and grows by 13 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity.

Operational grants and subsidies amount to R189.9 million, R196.8 million and R213.0 million for each of the respective financial years of the MTREF, or 63, 63 and 63 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government have increased in 2019/20 financial year and in the two outer years its grows rapidly over the MTREF by 15.9 per cent and 8.2 per cent.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R3.7 million, R3.9 million and R4.1 million for the respective three financial years of the 2019/20 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget. The municipality have adjusted budget from the adjustment budget of 2018/19 of R2.9 million, this is due to reduction in the allocation of Grants as per DORA.

The tables below provide detail investment information and investment particulars by maturity.

Table 30 MBRR SA15 – Detail Investment Information

KZN291 Mandeni - Supporting Table SA15 Investment particulars by type										
Investment type	Re	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
Parent municipality										
Securities - National Government Listed Corporate Bonds										
Deposits - Bank		68,000	5,038	24,600	19,774	19,774	19,774	19,258	21,222	23,387
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	68,000	5,038	24,600	19,774	19,774	19,774	19,258	21,222	23,387
Entities										
Securities - National Government Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		68,000	5,038	24,600	19,774	19,774	19,774	19,258	21,222	23,387

Table 31 MBRR SA16 – Investment particulars by maturity

KZN291 Mandeni - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity Reference of institution & investment	Period of Investment Yrs/Months	Type of Investment	Variable or Fixed interest rate	Interest Rate ³	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal	Investment Top Up	Closing Balance
Parent municipality										
Standard Bank '068637527	12 Months	deposits - Bank (C	Variable	10.25	Fixed	1,571	99	–		1,669
Standard Bank '036971847			Variable	10.25	Fixed	5	0			5
Nedbank 23581136/9998	5 Yrs	deposits - Bank (C	Variable	10.25	Fixed	1,794	135	–		1,929
First National Bank	12 Months	Call Account	Variable	10.25	32 Days Notice		–			–
First National Bank	12 Months	Call Account	Variable	10.25	32 Days Notice	93	–			93
First National Bank	12 Months	Call Account	Variable	10.25	32 Days Notice	61	–	–		61
First National Bank	12 Months	Call Account	Variable	10.25	32 Days Notice	9,840	2,380	(219,027)	214,457	7,650
First National Bank	12 Months	Call Account	Variable	10.25	32 Days Notice	1,905	414	(9,613)	9,500	2,206
First National Bank	12 Months	Call Account	Variable	10.25	32 Days Notice	154	663	(35,822)	35,369	364
First National Bank	12 Months	Call Account	Variable	10.25	32 Days Notice	5,281	–	–	–	5,281
										–
										–
Municipality sub-total						20,704		(264,461)	259,326	19,258
Entities										–
Entities sub-total						–		–	–	–
TOTAL INVESTMENTS A 1						20,704		(264,461)	259,326	19,258

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of R26.8 million, R11.2 million and decreases to R9.2 million in each of the financial years. This surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

2.9.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2019/20 medium-term capital programme:

Table 32 Sources of capital revenue over the MTREF

Vote Description R thousand	Re	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework				%
		Adjusted Budget	%	Budget Year 2019/20	%	Budget Year +1 2020/21	%	Budget Year +2 2021/22
Funded by:								
National Government		61,562	86%	33,968	49%	37,202	78%	39,839
Provincial Government				20,172	29%			
District Municipality								
Other transfers and grants								
Transfers recognised - capital	4	61,562		54,140		37,202		39,839
Borrowing	6							
Internally generated funds		9,819	14%	15,353	22%	10,000	22%	
Total Capital Funding	7	71,381	100%	69,493	100%	47,202	100%	39,839

The above table is graphically represented as follows for the 2019/20 financial year.

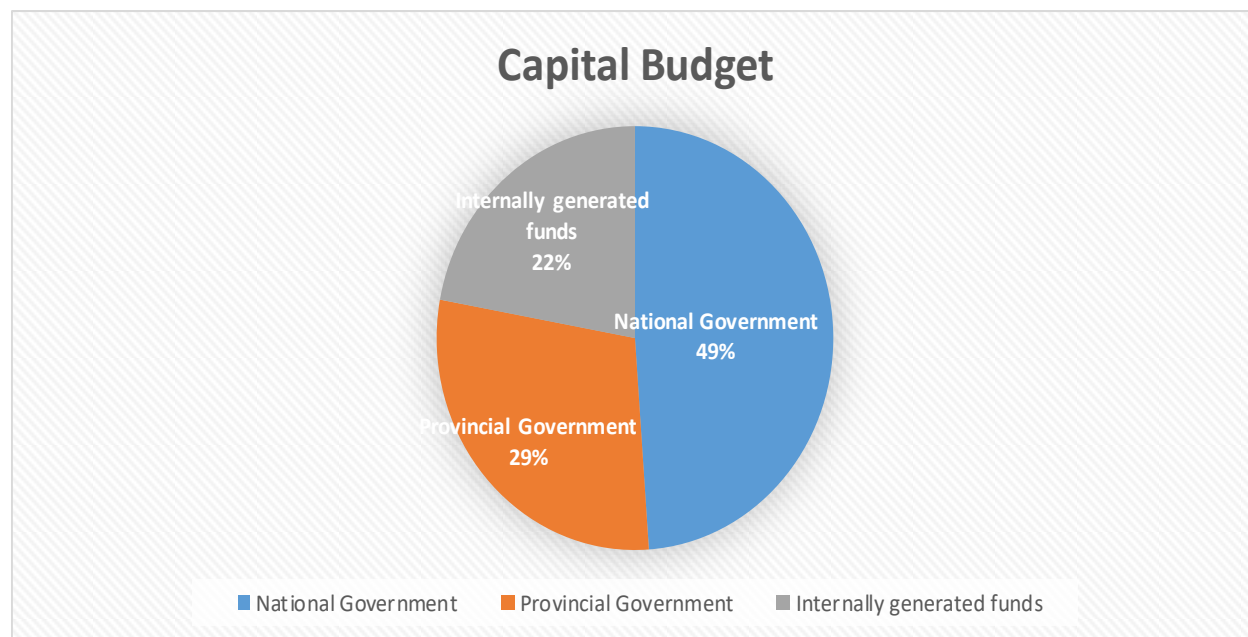


Figure 5 Sources of capital revenue for the 2019/20 financial year

Capital grants and receipts equates to 79 per cent of the total funding source which represents R69.5 million for the 2019/20 financial year and steadily decreases to 39.8 million or 100 per cent by 2021/22. Decline relating to grant receipts is 32 and -16 per cent over the medium-term.

Table 33 MBRR Table SA 18 - Capital transfers and grant receipts

KZN291 Mandeni - Supporting Table SA18 Transfers and grant receipts										
Description	Re	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		129,688	138,339	148,586	157,762	157,762	157,762	181,117	192,745	208,695
Local Government Equitable S		119,361	122,874	134,192	146,821	146,821	146,821	167,483	181,360	196,795
Finance Management		1,755	1,944	2,378	1,900	1,900	1,900	1,900	1,900	1,900
EPWP Incentive		1,800	1,825	1,900	2,255	2,255	2,255	2,234		
Integrated National Electrifica		5,832	11,695	9,985	6,786	6,786	6,786	9,500	9,485	10,000
Municipal Systems Improve		940		131						
Other transfers/grants [insert description]		-								
Provincial Government:		3,559	8,568	2,480	3,719	5,282	5,282	7,368	4,087	4,332
Library Grant		1,560	2,006	2,480	2,514	3,585	3,585	1,228	1,315	1,408
Provincialization of Government					1,147	1,147	1,147	2,640	2,772	2,924
Sport and Recreation		275	43		58	50	50			
GIS Pertinent Grant						500	500			
Nodal Plans								2,500		
Spatial Development Framework Support			322					1,000		
Massification		1,723	6,198							
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and	5	133,247	146,907	151,065	161,481	163,044	163,044	188,485	196,832	213,027
Capital Transfers and Grants										
National Government:		43,886	34,326	40,834	45,373	59,971	59,971	54,411	37,202	39,839
Municipal Infrastructure Grant (M		34,263	25,757	35,936	34,706	34,706	34,706	35,369	37,202	39,839
Neighbourhood Development Par		9,623	8,569	4,898	10,667	10,667	10,667	19,042		
Dept of Human Settlement						14,598	14,598			
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Gr	5	43,886	34,326	40,834	45,373	59,971	59,971	54,411	37,202	39,839
TOTAL RECEIPTS OF TRANSFER		177,133	181,232	191,900	206,854	223,015	223,015	242,896	234,034	252,866

2.9.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

Clear separation of receipts and payments within each cash flow category;

Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue. and

Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 34 MBRR Table A7 - Budget cash flow statement

KZN291 Mandeni - Table A7 Budgeted Cash Flows												
Description		Re	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates			29,548	47,784	53,996	32,458	37,709	37,709	37,709	33,466	35,273	37,178
Service charges			28,682	20,993	34,558	21,003	28,849	28,849	28,849	35,529	38,283	40,350
Other revenue				–		2,124	2,174	2,174	2,174	2,278	2,401	2,530
Government - operating	1		133,247	146,907	193,934	161,481	163,813	163,813	163,813	189,900	196,832	213,027
Government - capital	1		42,778	31,517		45,373	59,971	59,971	59,971	52,996	37,202	39,839
Interest			3,627	2,961	3,033	3,120	3,553	3,553	3,553	4,489	4,731	4,987
Dividends										–	–	–
Payments												
Suppliers and employees			(178,389)	(182,292)	(221,341)	(203,754)	(209,679)	(209,679)	(209,679)	(246,568)	(251,661)	(267,460)
Finance charges			(1,853)	(2,912)	(704)	(920)	(920)	(920)	(920)	(1,253)	(1,321)	(1,392)
Transfers and Grants	1					(8,329)	(8,329)	(8,329)	(8,329)	(11,001)	(9,485)	(10,000)
NET CASH FROM/(USED) OPERATING			57,640	64,957	63,475	52,556	77,142	77,142	77,142	59,835	52,255	59,058
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE										–	–	–
Decrease (Increase) in non-current debtors										3,935	–	–
Decrease (increase) other non-current receivables							14,000	14,000	14,000	6,922	–	–
Decrease (increase) in non-current investments										–	–	–
Payments												
Capital assets			(59,552)	(81,258)	(42,046)	(56,547)	(71,381)	(71,381)	(71,381)	(69,493)	(47,202)	(39,839)
NET CASH FROM/(USED) INVESTING			(59,552)	(81,258)	(42,046)	(56,547)	(57,381)	(57,381)	(57,381)	(58,636)	(47,202)	(39,839)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans										–	–	–
Borrowing long term/refinancing										–	–	–
Increase (decrease) in consumer deposits						(650)	(600)	(600)	(600)	(495)	–	–
Payments												
Repayment of borrowing			604	3,709	(709)	(1,350)	(1,350)	(1,350)	(1,350)	(2,150)	(2,000)	(2,000)
NET CASH FROM/(USED) FINANCING			604	3,709	(709)	(2,000)	(1,950)	(1,950)	(1,950)	(2,645)	(2,000)	(2,000)
NET INCREASE/ (DECREASE) IN CASH			(1,308)	(12,592)	20,720	(5,991)	17,811	17,811	17,811	(1,446)	3,053	17,219
Cash/cash equivalents at the year be	2		29,057	27,749	15,157	21,674	35,876	35,876	35,876	20,704	19,258	22,311
Cash/cash equivalents at the year en	2		27,749	15,157	35,876	15,684	53,687	53,687	53,687	19,258	22,311	39,530

The above table shows that cash and cash equivalents of the Municipality were slowly increased between the 2018/19 and 2019/20 financial year moving from a positive cash balance of R19.4 to a surplus of R33.5 million with the approved 2021/22 MTREF. With the 2018/19 adjustments budget various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure commitments. In addition the Municipality undertook an extensive debt collection process to boost cash levels.

These initiatives and interventions have translated into a positive cash position for the Municipality and it is projected that cash and cash equivalents on hand will increase to R19.4 million by the financial year end. For the 2019/20 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to increase to R19.3 million by 2019/20 and steadily increases to R33.5 million by 2021/22. It should be noted the municipality's cash flow is improving towards the 2021/22.

2.9.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

What are the predicted cash and investments that are available at the end of the budget year?

How are those funds used?

What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 35 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

KZN291 Mandeni - Table A8 Cash backed reserves/accumulated surplus reconciliation										
Description	Re	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash and investments available										
Cash/cash equivalents at the year end	1	27,749	15,157	35,876	15,684	53,687	53,687	19,258	19,359	33,468
Other current investments > 90 days		0	(1)	—	(9,648)	(47,652)	(47,652)	—	(19,359)	(33,468)
Non current assets - Investments	1	—	—	—	—	—	—	—	—	—
Cash and investments available:		27,749	15,156	35,876	6,035	6,035	6,035	19,258	—	—
Application of cash and investments										
Unspent conditional transfers		11,271	8,463	—	11,706	5,631	5,631	7,186	4,000	3,000
Unspent borrowing		—	—	—	—	—	—	—	—	—
Statutory requirements	2	18,708	18,504	17,570	18,504	18,504	18,504	17,570	17,570	17,570
Other working capital requirements	3	(21,574)	2,464	(39,182)	(29,460)	(35,389)	(35,389)	(33,662)	(34,311)	(31,823)
Other provisions		—	—	—	—	—	—	—	—	—
Long term investments committed	4	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	5	1,859	1,944	2,032	2,011	1,263	1,263	1,352	1,499	1,663
Total Application of cash and investments		10,265	31,375	(19,580)	2,761	(9,991)	(9,991)	(7,554)	(11,242)	(9,590)
Surplus(shortfall)		17,484	(16,219)	55,456	3,275	16,027	16,027	26,811	11,242	9,590

From the above table it can be seen that the cash and investments available total 26.8 million in the 2019/20 financial year and decreases to R9.6 million by 2021/22, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.

Due to delays in implementing capital programs we foresee that unspent conditional transfer will be R7.1 million for 2019/20 financial year through the following grants (INEP of 1.9million and NDPG of R5.3 million). In the past these have not been allowed to 'roll-over' and be spent in the ordinary course of business.

There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.

Provisions for statutory requirements include retirement benefit obligation of R14.4 million and long service awards of 3.2 million) owing to timing differences resulting from year- end obligations. The liability in this regard totaled (R17.6 million) for the 2019/20 financial year.

The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital.

For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.

Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

It can be concluded that the Municipality has a surplus against the cash backed and accumulated surpluses reconciliation. It needs to be noted that for all practical purposes the 2019/20 MTREF was funded when considering the funding requirements of section 18 and 19 of the MFMA. The 2019/20 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. From a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven-year perspective.

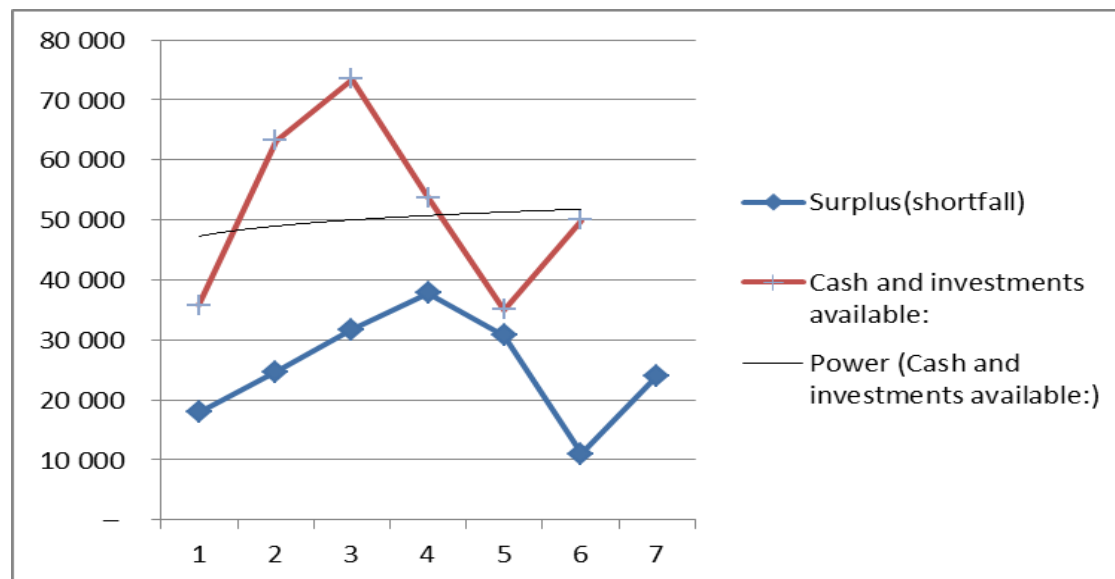


Figure 6 Cash and cash equivalents / Cash backed reserves and accumulated funds

2.9.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 36 MBRR SA10 – Funding compliance measurement

KZN291 Mandeni Supporting Table SA10 Funding measurement

KZN291 Mandeni Supporting Table SA10 Funding measurement												
Description	MFM A section	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Funding measures												
Cash/cash equivalents at the year end -	18(1)b	1	27,749	15,157	35,876	15,684	53,687	53,687	53,687	19,258	31,359	60,668
Cash + investments at the yr end less a	18(1)b	2	17,484	(15,940)	56,675	3,831	16,624	16,624	16,027	27,574	11,938	10,223
Cash year end/monthly employee/suppli	18(1)b	3	2.3	1.0	—	1.1	3.5	3.5	3.5	1.1	1.7	3.1
Surplus/(Deficit) excluding depreciation	18(1)	4	32,226	66,694	77,464	44,335	58,934	58,934	59,971	56,578	40,825	43,713
Service charge rev % change - macro C8	18(1)a	5	N.A.	1.9%	60.7%	(16.6%)	(0.5%)	(6.0%)	(4.7%)	4.1%	(0.6%)	(0.6%)
Cash receipts % of Ratepayer & Other r	18(1)a	6	83.3%	73.0%	101.8%	67.4%	72.1%	72.1%	71.3%	67.1%	67.8%	67.8%
Debt impairment expense as a % of tota	18(1)a	7	8.6%	72.3%	17.9%	7.7%	18.9%	18.9%	18.7%	22.7%	20.5%	26.5%
Capital payments % of capital expenditu	18(1)c	8	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expendit	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted all	18(1)a	10	—	—	—	—	—	—	—	—	—	—
Current consumer debtors % change - in	18(1)a	11	N.A.	0.7%	76.1%	(20.0%)	15.9%	0.0%	0.0%	6.2%	(9.7%)	(9.1%)
Long term receivables % change - incr	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	4.1%	2.7%	0.0%	7.5%	4.0%	4.0%	9.5%	8.7%	8.0%	8.0%
Asset renewal % of capital budget	20(1)(vi)	14	20.9%	38.2%	63.5%	47.2%	37.4%	37.4%	0.0%	2.2%	0.0%	0.0%
Supporting indicators												
% incr total service charges (incl prop rat	18(1)a			7.9%	66.7%	(10.6%)	5.5%	0.0%	1.3%	10.1%	5.4%	5.4%
% incr Property Tax	18(1)a			11.5%	71.6%	(8.9%)	0.0%	0.0%	0.0%	3.7%	5.4%	5.4%
% incr Service charges - electricity revenue	18(1)a			(6.5%)	87.0%	(16.0%)	18.1%	0.0%	4.5%	25.3%	5.4%	5.4%
% incr Service charges - water revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - sanitation revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - refuse revenue	18(1)a			22.3%	15.2%	(6.0%)	7.7%	0.0%	0.0%	5.2%	5.4%	5.4%
% incr in	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a		46,933	50,640	84,405	75,482	79,632	79,632	80,670	87,658	92,391	97,380
Service charges			46,933	50,640	84,405	75,482	79,632	79,632	80,670	87,658	92,391	97,380
Property rates			27,408	30,557	52,422	47,732	47,732	47,732	47,732	49,509	52,182	55,000
Service charges - electricity revenue			13,186	12,332	23,056	19,356	22,856	22,856	23,894	28,639	30,186	31,816
Service charges - water revenue			—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue			—	—	—	—	—	—	—	—	—	—
Service charges - refuse removal			6,339	7,750	8,928	8,393	9,043	9,043	9,043	9,510	10,023	10,564
Service charges - other			—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment			286	241	344	271	271	271	271	258	272	286
Capital expenditure excluding capital grant funding			15,666	46,932	933	11,174	9,819	9,819	9,819	15,353	10,000	—
Cash receipts from ratepayers	18(1)a		58,230	68,777	88,554	55,585	68,732	68,732	68,732	71,272	75,956	80,058
Ratepayer & Other revenue	18(1)a		69,925	94,205	87,021	82,481	95,341	95,341	96,379	106,281	112,020	118,069
Change in consumer debtors (current and non-curre			13,239	334	35,859	(16,581)	(6,048)	(6,048)	(6,048)	15,287	(7,947)	(6,712)
Operating and Capital Grant Revenue	18(1)a		177,133	215,558	191,900	206,854	223,784	223,784	223,784	242,896	234,034	252,866
Capital expenditure - total	20(1)(vi)		59,552	81,257	42,046	56,547	71,381	71,381	71,381	69,493	47,202	39,839
Capital expenditure - renewal	20(1)(vi)		12,464	31,056	26,711	26,711	26,711	26,711	—	1,500	—	—
Supporting benchmarks												
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline			4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY												
DoRA capital grants total MFY												
Provincial operating grants												
Provincial capital grants												
District Municipality grants												
Total gazetted/advised national, provincial and district grants										—	—	—
Average annual collection rate (arrears inclusive)												
DoRA operating												
List operating grants												
										—	—	—
DoRA capital												
List capital grants												
										—	—	—

KZN291 Mandeni Supporting Table SA10 Funding measurement												
Description	MFM A section	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre- audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Total Operating Revenue			250,685	278,398	281,953	246,862	262,054	262,054	263,092	299,871	312,742	335,196
Total Operating Expenditure			218,458	246,029	#REF!	247,900	263,092	263,092	263,092	296,288	309,119	331,322
Operating Performance Surplus/(Deficit)			32,226	32,369	#REF!	(1,038)	(1,038)	(1,038)	(0)	3,582	3,623	3,874
Cash and Cash Equivalents (30 June 2012)										19,258		
Revenue												
% Increase in Total Operating Revenue				11.1%	1.3%	(12.4%)	6.2%	0.0%	0.4%	14.4%	4.3%	7.2%
% Increase in Property Rates Revenue				11.5%	71.6%	(8.9%)	0.0%	0.0%	0.0%	3.7%	5.4%	5.4%
% Increase in Electricity Revenue				(6.5%)	87.0%	(16.0%)	18.1%	0.0%	4.5%	25.3%	5.4%	5.4%
% Increase in Property Rates & Services Charges				7.9%	66.7%	(10.6%)	5.5%	0.0%	1.3%	10.1%	5.4%	5.4%
Expenditure												
% Increase in Total Operating Expenditure				12.6%	0.0%	0.0%	6.1%	0.0%	0.0%	12.6%	4.3%	7.2%
% Increase in Employee Costs				6.3%	5.9%	8.8%	0.0%	0.0%	0.0%	19.2%	5.1%	5.1%
% Increase in Electricity Bulk Purchases				22.4%	50.8%	4.6%	23.1%	0.0%	0.0%	10.0%	5.4%	5.4%
Average Cost Per Budgeted Employee Position (Remuneration)					320740.5	335093.8				394607.07		
Average Cost Per Councillor (Remuneration)					361876.1	384043.4				393204.6		
R&M % of PPE			4.1%	2.7%	0.0%	7.5%	4.0%	4.0%		8.7%	8.0%	8.0%
Asset Renewal and R&M as a % of PPE			7.0%	9.0%	5.0%	15.0%	12.0%	12.0%		13.0%	8.0%	8.0%
Debt Impairment % of Total Billable Revenue			8.6%	72.3%	17.9%	7.7%	18.9%	18.9%	18.7%	22.7%	20.5%	26.5%
Capital Revenue												
Internally Funded & Other (R'000)			15,666	42,881	933	11,174	9,819	9,819	9,819	15,353	10,000	–
Borrowing (R'000)			–	4,050	–	–	–	–	–	–	–	–
Grant Funding and Other (R'000)			43,886	34,326	41,113	45,373	61,562	61,562	61,562	54,140	37,202	39,839
Internally Generated funds % of Non Grant Funding			100.0%	91.4%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%
Borrowing % of Non Grant Funding			0.0%	8.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding			73.7%	42.2%	97.8%	80.2%	86.2%	86.2%	86.2%	77.9%	78.8%	100.0%
Capital Expenditure												
Total Capital Programme (R'000)			59,552	81,257	42,046	56,547	71,381	71,381	71,381	69,493	47,202	39,839
Asset Renewal			12,464	31,056	26,711	40,073	40,549	40,549	40,549	30,029	–	–
Asset Renewal % of Total Capital Expenditure			20.9%	38.2%	63.5%	70.9%	56.8%	56.8%	56.8%	43.2%	0.0%	0.0%
Cash												
Cash Receipts % of Rate Payer & Other			83.3%	73.0%	101.8%	67.4%	72.1%	72.1%	71.3%	67.1%	67.8%	67.8%
Cash Coverage Ratio			0	0	–	0	0	0	0	0	0	0
Borrowing												
Credit Rating (2009/10)										0		
Capital Charges to Operating			0.6%	(0.3%)	0.0%	0.9%	0.9%	0.9%	0.9%	1.1%	1.1%	1.0%
Borrowing Receipts % of Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves												
Surplus/(Deficit)			17,484	(15,940)	56,675	3,831	16,624	16,624	16,027	27,574	11,938	10,223
Free Services												
Free Basic Services as a % of Equitable Share			0.0%	0.9%	1.1%	1.1%	1.1%	1.1%		1.3%	1.2%	1.2%
Free Services as a % of Operating Revenue (excl operational transfers)			0.0%	0.0%	0.0%	18.6%	16.1%	16.1%		14.5%	14.5%	14.5%
High Level Outcome of Funding Compliance												
Total Operating Revenue			250,685	278,398	281,953	246,862	262,054	262,054	263,092	299,871	312,742	335,196
Total Operating Expenditure			218,458	246,029	#REF!	247,900	263,092	263,092	263,092	296,288	309,119	331,322
Surplus/(Deficit) Budgeted Operating Statement			32,226	32,369	#REF!	(1,038)	(1,038)	(1,038)	(0)	3,582	3,623	3,874
Surplus/(Deficit) Considering Reserves and Cash B:			17,484	(15,940)	56,675	3,831	16,624	16,624	16,027	27,574	11,938	10,223
MTREF Funded (1) / Unfunded (0)	15		1	0	1	1	1	1	1	1	1	1
MTREF Funded ü / Unfunded ü	15		ü	ü	ü	ü	ü	ü	ü	ü	ü	ü

2.9.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is positive, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2019/20 MTREF shows R19.3 million, R19.4 million and R33.5 million for each respective financial year.

2.9.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 20, on page 39. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.9.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been increasing steadily for the period 2015/16 to 2021/22, moving from 2.3 to 1.7 with the adopted 2019/20 & MTREF. As part of the 2019/20 MTREF the municipalities improving cash position causes the ratio to move upwards to 7.1 and then increase slightly to 8.1 for the outer years. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months' coverage. This measure will have to be carefully monitored going forward.

2.9.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.9.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 6, 0.6 and 0.2 per cent for the respective financial year of the 2019/20 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 5.2 per cent, with the increase in electricity at 7.3 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.9.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 161, 146 and 151 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 90 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.9.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 7.5, 5.4 and 5.5 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.9.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that creditors be paid within 30 days.

2.9.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 0 per cent of own funded capital. Further details relating to the borrowing strategy of the Municipality can be found on page 57.

2.9.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.9.5.11 Consumer debtors change (Current and Non-current)

The purposes of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

2.9.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 50 MBRR SA34C on page 100.

2.9.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 49 MBRR SA34b on page 99.

2.10 Expenditure on grants and reconciliations of unspent funds

Table 37 MBRR SA19 - Expenditure on transfers and grant programmes

KZN291 Mandeni - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Re	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		129,688	138,339	148,586	157,762	157,762	157,762	181,117	192,745	208,695
Local Government Equitable Share		119,361	122,874	134,192	146,821	146,821	146,821	167,483	181,360	196,795
Finance Management		1,755	1,944	2,378	1,900	1,900	1,900	1,900	1,900	1,900
EPWP Incentive		1,800	1,825	1,900	2,255	2,255	2,255	2,234		
Integrated National Electrification Programme		5,832	11,695	9,985	6,786	6,786	6,786	9,500	9,485	10,000
Municipal Systems Improvement		940		131						
Other transfers/grants [insert description]										
Provincial Government:		3,559	2,370	2,480	3,719	5,282	5,282	7,368	4,087	4,332
Library Grant		1,560	2,006	2,480	2,514	3,585	3,585	1,228	1,315	1,408
Provincialization of Government					1,147	1,147	1,147	2,640	2,772	2,924
Sport and Recreation		275	43		58	50	50			
GIS Pertinent Grant						500	500			
Nodal Plans			322					2,500		
Spatial Development Framework Support		1,723						1,000		
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants		133,247	140,709	151,065	161,481	163,044	163,044	188,485	196,832	213,027
Capital expenditure of Transfers and Grants										
National Government:		43,886	34,326	40,834	45,373	59,971	59,971	54,411	37,202	39,839
Municipal Infrastructure Grant (MIG)		34,263	25,757	35,936	34,706	34,706	34,706	35,369	37,202	39,839
Neighbourhood Development Partnership		9,623	8,569	4,898	10,667	10,667	10,667			
Dept of Human Settlement						14,598	14,598	19,042		
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		43,886	34,326	40,834	45,373	59,971	59,971	54,411	37,202	39,839
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		177,133	175,034	191,900	206,854	223,015	223,015	242,896	234,034	252,866

Table 38 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

KZN291 Mandeni - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds										
Description	R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		404	2,660							
Current year receipts		129,688	138,339	148,586	157,762	157,762	157,762	181,117	192,745	208,695
Conditions met - transferred to revenue		130,092	140,999	148,586	157,762	157,762	157,762	181,117	192,745	208,695
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year		10,867	972							
Current year receipts		1,835	2,370	2,480	3,719	5,282	5,282	7,368	4,087	4,332
Conditions met - transferred to revenue		12,703	3,342	2,480	3,719	5,282	5,282	7,368	4,087	4,332
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		142,795	144,340	151,065	161,481	163,044	163,044	188,485	196,832	213,027
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		-	4,831							
Current year receipts		43,886	34,326	40,834	45,373	59,971	59,971	54,411	37,202	39,839
Conditions met - transferred to revenue		43,886	39,157	40,834	45,373	59,971	59,971	54,411	37,202	39,839
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		43,886	39,157	40,834	45,373	59,971	59,971	54,411	37,202	39,839
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		186,681	183,497	191,900	206,854	223,015	223,015	242,896	234,034	252,866
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

2.11 Councilors and employee benefits

Table 39 MBRR SA22 - Summary of councilor and staff benefits

KZN291 Mandeni - Supporting Table SA22 Summary councillor and staff benefits											
Summary of Employee and Councillor remuneration	R thousand	Re	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
			A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)											
Basic Salaries and Wages		1	7,795	8,483	8,992	12,014	12,014	12,014	10,027	10,568	11,139
Pension and UIF Contributions			—	—	—	—	—	—	—	—	—
Medical Aid Contributions			—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance			1,262	1,124	1,610	—	—	—	1,414	1,491	1,571
Cellphone Allowance			709	759	1,285	1,428	1,428	1,428	1,502	1,583	1,669
Housing Allowances			394	624	778	—	—	—	819	863	909
Other benefits and allowances			—	—	—	—	—	—	—	—	—
Sub Total - Councillors		4	10,159	10,990	12,665	13,442	13,442	13,442	13,762	14,505	15,289
% increase				8.2%	15.2%	6.1%	—	—	2.4%	5.4%	5.4%
Senior Managers of the Municipality											
Basic Salaries and Wages		2	5,057	5,503	3,669	5,993	5,993	5,993	4,580	4,828	5,088
Pension and UIF Contributions			77	79	177	—	—	—	63	66	69
Medical Aid Contributions			—	—	—	—	—	—	—	—	—
Overtime			—	—	—	—	—	—	—	—	—
Performance Bonus			—	—	—	289	289	289	304	320	338
Motor Vehicle Allowance		3	1,356	1,066	838	—	—	—	994	1,048	1,104
Cellphone Allowance		3	—	—	—	186	186	186	186	196	207
Housing Allowances		3	—	—	—	—	—	—	96	101	107
Other benefits and allowances		3	—	—	—	—	—	—	—	—	—
Payments in lieu of leave			—	—	—	—	—	—	—	—	—
Long service awards			—	—	—	—	—	—	—	—	—
Post-retirement benefit obligation		6	—	—	—	—	—	—	—	—	—
Sub Total - Senior Managers of Municipality		4	6,491	6,648	4,685	6,468	6,468	6,468	6,223	6,559	6,913
% increase				2.4%	(29.5%)	38.1%	—	—	(3.8%)	5.4%	5.4%
Other Municipal Staff											
Basic Salaries and Wages			44,407	49,102	55,495	60,123	60,123	60,123	70,116	73,902	77,893
Pension and UIF Contributions			7,058	1,112	385	7,864	7,864	7,864	10,845	11,431	12,048
Medical Aid Contributions			3,141	3,410	3,600	3,798	3,798	3,798	3,970	4,185	4,410
Overtime			844	1,314	1,179	850	850	850	907	956	1,008
Performance Bonus			—	—	203	—	—	—	—	—	—
Motor Vehicle Allowance		3	6,114	2,902	3,686	3,935	3,935	3,935	4,109	4,331	4,565
Cellphone Allowance		3	247	303	442	458	458	458	566	597	629
Housing Allowances		3	92	142	246	412	412	412	275	290	306
Other benefits and allowances		3	102	1,317	3,038	—	—	—	418	441	465
Payments in lieu of leave			106	—	81	—	—	—	—	—	—
Long service awards			—	—	(428)	—	—	—	—	—	—
Post-retirement benefit obligation		6	—	6,708	4,685	—	—	—	—	—	—
Sub Total - Other Municipal Staff		4	62,110	66,309	72,613	77,439	77,439	77,439	91,207	96,133	101,324
% increase				6.8%	9.5%	6.6%	—	—	17.8%	5.4%	5.4%
Total Parent Municipality			78,759	83,948	89,963	97,349	97,349	97,349	111,192	117,197	123,525
% increase		4		6.6%	7.2%	8.2%	—	—	14.2%	5.4%	5.4%
Total Municipal Entities			—	—	—	—	—	—	—	—	—
TOTAL SALARY, ALLOWANCES & BENEFITS			78,759	83,948	89,963	97,349	97,349	97,349	111,192	117,197	123,525
% increase		4		6.6%	7.2%	8.2%	—	—	14.2%	5.4%	5.4%
TOTAL MANAGERS AND STAFF		5,7	68,600	72,958	77,298	83,907	83,907	83,907	97,430	102,691	108,237

Table 40 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**KZN291 Mandeni - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/se**

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<u>Councillors</u>	3							
Speaker	4		577,349		162,206			739,555
Chief Whip			589,970		106,048			696,018
Executive Mayor			836,138		77,574			913,712
Deputy Executive Mayor			696,633		42,922			739,555
Executive Committee			1,432,963		484,863			1,917,825
Total for all other councillors			5,893,694		2,861,801			8,755,495
Total Councillors	8	#	10,026,748	–	3,735,413			13,762,161
<u>Senior Managers of the Municipality</u>	5							
Municipal Manager (MM)			889,225		226,092	60,131		1,175,448
Chief Finance Officer			750,689		210,000	48,745		1,009,434
<i>List of each official with packages >= senior manager</i>								
Director Corporate			750,689		210,000	48,745		1,009,434
Director EDP			750,689		210,000	48,745		1,009,434
Director Technical			750,689		210,000	48,745		1,009,434
Director Community Services			751,389		210,000	48,745		1,010,134
								–
								–
								–
								–
Total Senior Managers of the Municipality	8,10	#	4,643,369	–	1,276,092	303,858		6,223,319
<u>A Heading for Each Entity</u>	6,7							
List each member of board by designation								–
								–
								–
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	#	14,670,117	–	5,011,505	303,858		19,985,480

Table 41 MBRR SA24 – Summary of personnel numbers

KZN291 Mandeni - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Re	2017/18			Current Year 2018/19			Budget Year 2019/20		
		Position s	Permanent employees	Contract employee es	Position s	Perman ent employ ees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus O	4	35	5	30	35	5	30	35	9	26
Board Members of municipal entities	5									
Municipal employees										
Municipal Manager and Senior Manager	3	6		6	6		6	6		6
Other Managers	7	15	15		15	15		16	15	1
Professionals		45	40	5	107	86	21	108	86	22
Finance		24	19	5	29	24	5	29	24	5
Spatial/town planning		3	3		12	12		12	12	
Information Technology		4	4		5	4	1	5	4	1
Roads		4	4		8	4	4	9	4	5
Electricity		4	4		5	5		5	5	
Water										
Sanitation										
Refuse					40	29	11	40	29	11
Other		6	6		8	8		8	8	
Technicians		16	16	–	15	15	–	15	15	–
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other		16	16		15	15		15	15	
Clerks (Clerical and administrative)		39	39		24	24		25	25	
Service and sales workers		33	33							
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		25	25		21	21		21	21	
Elementary Occupations		62	62		63	63		70	70	
TOTAL PERSONNEL NUMBERS	9	276	235	41	286	229	57	296	241	55
% increase					3.6%	(2.6%)	39.0%	3.5%	5.2%	(3.5%)
Total municipal employees headcount	10									
Finance personnel headcount	3, 10									
Human Resources personnel headcount	10									

2.12 Monthly targets for revenue, expenditure and cash flow

Table 42 MBRR SA25 - Budgeted monthly revenue and expenditure

KZN291 Mandeni - Supporting Table SA25 Budgeted monthly revenue and expenditure																
Description		R	Budget Year 2019/20											Medium Term Revenue and Expenditure Framework		
			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21
R thousand																
Revenue By Source																
Property rates			4,126	4,126	4,126	4,126	4,126	4,126	4,126	4,126	4,126	4,126	4,126	49,509	52,182	55,000
Service charges - electricity revenue			2,512	2,512	2,512	2,512	2,512	2,512	2,512	2,512	2,512	2,512	2,512	30,140	31,767	33,483
Service charges - water revenue														-	-	-
Service charges - sanitation revenue														-	-	-
Service charges - refuse revenue		792	792	792	792	792	792	792	792	792	792	792	792	9,510	10,023	10,564
Rental of facilities and equipment		21	21	21	21	21	21	21	21	21	21	21	21	258	272	286
Interest earned - external investments		308	308	308	308	308	308	308	308	308	308	308	308	3,690	3,889	4,099
Interest earned - outstanding debt		1,331	1,331	1,331	1,331	1,331	1,331	1,331	1,331	1,331	1,331	1,331	1,331	15,975	16,838	17,747
Dividends received														-	-	-
Fines, penalties and forfeits		34	34	34	34	34	34	34	34	34	34	34	34	405	427	450
Licences and permits		110	110	110	110	110	110	110	110	110	110	110	110	1,320	1,391	1,466
Agency services														-	-	-
Transfers and subsidies		88,928				59,643				41,329				189,900	196,832	213,027
Other revenue		55	55	55	55	55	55	55	55	55	55	55	55	665	701	739
Gains on disposal of PPE														-	-	-
Total Revenue (excluding capital)			98,217	9,289	9,289	9,289	68,932	9,289	9,289	9,289	50,618	9,289	9,289	301,372	314,323	336,863
Expenditure By Type																
Employee related costs		8,119	8,119	8,119	8,119	8,119	8,119	8,119	8,119	8,119	8,119	8,119	8,119	97,430	102,367	107,552
Remuneration of councillors		1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	13,762	14,505	15,289
Debt impairment		1,658	1,658	1,658	1,658	1,658	1,658	1,658	1,658	1,658	1,658	1,658	1,658	19,891	18,965	25,839
Depreciation & asset impairment		2,567	2,567	2,567	2,567	2,567	2,567	2,567	2,567	2,567	2,567	2,567	2,567	30,804	32,467	34,220
Finance charges		104	104	104	104	104	104	104	104	104	104	104	104	1,253	1,321	1,392
Bulk purchases		1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	23,466	24,733	26,069
Other materials		1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	20,595	21,391	22,546
Contracted services		2,042	2,042	2,042	2,042	2,042	2,042	2,042	2,042	2,042	2,042	2,042	2,042	24,501	25,824	27,218
Transfers and subsidies		970	970	970	970	970	970	970	970	970	970	970	970	11,636	11,737	12,373
Other expenditure		4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	52,950	55,809	58,823
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure			24,691	24,691	24,691	24,691	24,691	24,691	24,691	24,691	24,691	24,691	24,691	296,288	309,119	331,322
Surplus/(Deficit)			73,527	(15,401)	(15,401)	(15,401)	44,241	(15,401)	(15,401)	(15,401)	25,928	(15,401)	(15,401)	5,083	5,204	5,541
Transfers and subsidies - capital (monetary allocations)		21,500				16,500				14,996			-	52,996	37,202	39,839
Transfers and subsidies - capital (monetary allocations) (National / Provincial)														-	-	-
Departmental Agencies, Households, Non-profit														-	-	-
Transfers and subsidies - capital (in-kind - all)														-	-	-
Surplus/(Deficit) after capital transfers & contributions			95,027	(15,401)	(15,401)	(15,401)	60,741	(15,401)	(15,401)	(15,401)	40,924	(15,401)	(15,401)	58,079	42,406	45,380
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
Surplus/(Deficit)		1	95,027	(15,401)	(15,401)	(15,401)	60,741	(15,401)	(15,401)	(15,401)	40,924	(15,401)	(15,401)	58,079	42,406	45,380

Table 43 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**KZN291 Mandeni - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)**

Description	Re	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Novemb er	Decemb er	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand																
Revenue by Vote																
Vote 1 - Executive Council		624	624	624	624	624	624	624	624	624	624	624	624	7,489	7,851	8,223
Vote 2 - Budget & Treasury		19,274	19,274	19,274	19,274	19,274	19,274	19,274	19,274	19,274	19,274	19,274	19,274	231,285	243,817	262,601
Vote 3 - Corporate Services		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 4 - Planning and Development		310	310	310	310	310	310	310	310	310	310	310	310	3,724	236	249
Vote 5 - Health		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 6 - Community & Social		537	537	537	537	537	537	537	537	537	537	537	537	6,443	7,157	7,544
Vote 7 - Housing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 8 - Public Safety		147	147	147	147	147	147	147	147	147	147	147	147	1,758	1,853	1,953
Vote 9 - Sports & Recreation		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 10 - Environment		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 11 - Waste Management		792	792	792	792	792	792	792	792	792	792	792	792	9,510	10,023	10,564
Vote 12 - Electricity		3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312	39,748	41,895	44,157
Vote 13 - Roads & Stormwater		118	118	118	118	118	118	118	118	118	118	118	118	1,415	1,491	1,572
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue by Vote		25,114	25,114	25,114	25,114	25,114	25,114	25,114	25,114	25,114	25,114	25,114	25,114	301,372	314,323	336,863
Expenditure by Vote to be appropriated																
Vote 1 - Executive Council		3,535	3,535	3,535	3,535	3,535	3,535	3,535	3,535	3,535	3,535	3,535	3,535	42,425	44,716	47,131
Vote 2 - Budget & Treasury		5,969	5,969	5,969	5,969	5,969	5,969	5,969	5,969	5,969	5,969	5,969	5,969	71,629	75,497	79,574
Vote 3 - Corporate Services		3,017	3,017	3,017	3,017	3,017	3,017	3,017	3,017	3,017	3,017	3,017	3,017	36,200	38,155	40,215
Vote 4 - Planning and Development		1,782	1,782	1,782	1,782	1,782	1,782	1,782	1,782	1,782	1,782	1,782	1,782	21,386	22,540	23,758
Vote 5 - Health		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 6 - Community & Social		1,571	1,571	1,571	1,571	1,571	1,571	1,571	1,571	1,571	1,571	1,571	1,571	18,848	21,696	27,868
Vote 7 - Housing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 8 - Public Safety		1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	21,569	22,734	23,961
Vote 9 - Sports & Recreation		120	120	120	120	120	120	120	120	120	120	120	120	1,444	1,522	1,605
Vote 10 - Environment		559	559	559	559	559	559	559	559	559	559	559	559	6,712	7,074	7,456
Vote 11 - Waste Management		764	764	764	764	764	764	764	764	764	764	764	764	9,173	9,669	10,191
Vote 12 - Electricity		3,480	3,480	3,480	3,480	3,480	3,480	3,480	3,480	3,480	3,480	3,480	3,480	41,757	39,011	36,118
Vote 13 - Roads & Stormwater		2,096	2,096	2,096	2,096	2,096	2,096	2,096	2,096	2,096	2,096	2,096	2,096	25,147	26,505	33,446
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Expenditure by Vote		24,691	24,691	24,691	24,691	24,691	24,691	24,691	24,691	24,691	24,691	24,691	24,691	296,289	309,119	331,322
Surplus/(Deficit) before assoc.		424	424	424	424	424	424	424	424	424	424	424	424	5,083	5,204	5,541
Taxation														—	—	—
Attributable to minorities														—	—	—
Share of surplus/ (deficit) of associate														—	—	—
Surplus/(Deficit)	1	424	424	424	424	424	424	424	424	424	424	424	424	5,083	5,204	5,541

Table 44 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

KZN291 Mandeni - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)																
Description		Budget Year 2019/20											Medium Term Revenue and Expenditure Framework			
R thousand		July	August	Sept.	October	Novemb er	Decembe r	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional																
Governance and administration		19,898	19,898	19,898	19,898	19,898	19,898	19,898	19,898	19,898	19,898	19,898	19,898	238,774	251,668	270,824
Executive and council		624	624	624	624	624	624	624	624	624	624	624	624	7,489	7,851	8,223
Finance and administration		19,274	19,274	19,274	19,274	19,274	19,274	19,274	19,274	19,274	19,274	19,274	19,274	231,285	243,817	262,601
Internal audit														—	—	—
Community and public safety		537	537	537	537	537	537	537	537	537	537	537	2,295	8,201	9,010	9,497
Community and social services		537	537	537	537	537	537	537	537	537	537	537	537	6,443	7,157	7,544
Sport and recreation		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Public safety													1,758	1,758	1,853	1,953
Housing													—	—	—	—
Health													—	—	—	—
Economic and environmental services		428	428	428	428	428	428	428	428	428	428	428	428	5,139	1,727	1,820
Planning and development		310	310	310	310	310	310	310	310	310	310	310	310	3,724	236	249
Road transport		118	118	118	118	118	118	118	118	118	118	118	118	1,415	1,491	1,572
Environmental protection													—	—	—	—
Trading services		4,105	4,105	4,105	4,105	4,105	4,105	4,105	4,105	4,105	4,105	4,105	4,105	49,258	51,918	54,721
Energy sources		3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312	39,748	41,895	44,157
Water management													—	—	—	—
Waste water management													—	—	—	—
Waste management		792	792	792	792	792	792	792	792	792	792	792	792	9,510	10,023	10,564
Other													—	—	—	—
Total Revenue - Functional		24,968	24,968	24,968	24,968	24,968	24,968	24,968	24,968	24,968	24,968	24,968	26,726	301,372	314,323	336,863
			29,751	29,751	29,751	29,751	29,751	29,751	29,751	29,751	29,751	29,751				
Expenditure - Functional																
Governance and administration		12,521	12,521	12,521	12,521	12,521	12,521	12,521	12,521	12,521	12,521	12,521	12,521	150,254	158,368	166,920
Executive and council		3,535	3,535	3,535	3,535	3,535	3,535	3,535	3,535	3,535	3,535	3,535	3,535	42,425	44,716	47,131
Finance and administration		8,986	8,986	8,986	8,986	8,986	8,986	8,986	8,986	8,986	8,986	8,986	8,986	107,829	113,652	119,789
Internal audit																
Community and public safety		3,488	3,488	3,488	3,488	3,488	3,488	3,488	3,488	3,488	3,488	3,488	3,488	41,861	45,953	53,434
Community and social services		1,571	1,571	1,571	1,571	1,571	1,571	1,571	1,571	1,571	1,571	1,571	1,571	18,848	21,696	27,868
Sport and recreation		120	120	120	120	120	120	120	120	120	120	120	120	1,444	1,522	1,605
Public safety		1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	21,569	22,734	23,961
Housing													—	—	—	—
Health													—	—	—	—
Economic and environmental services		4,437	4,437	4,437	4,437	4,437	4,437	4,437	4,437	4,437	4,437	4,437	4,437	53,244	56,119	64,660
Planning and development		1,782	1,782	1,782	1,782	1,782	1,782	1,782	1,782	1,782	1,782	1,782	1,782	21,386	22,540	23,758
Road transport		2,096	2,096	2,096	2,096	2,096	2,096	2,096	2,096	2,096	2,096	2,096	2,096	25,147	26,505	33,446
Environmental protection		559	559	559	559	559	559	559	559	559	559	559	559	6,712	7,074	7,456
Trading services		4,244	4,244	4,244	4,244	4,244	4,244	4,244	4,244	4,244	4,244	4,244	4,244	50,930	48,680	46,309
Energy sources		3,480	3,480	3,480	3,480	3,480	3,480	3,480	3,480	3,480	3,480	3,480	3,480	41,757	39,011	36,118
Water management													—	—	—	—
Waste water management													—	—	—	—
Waste management		764	764	764	764	764	764	764	764	764	764	764	764	9,173	9,669	10,191
Other													—	—	—	—
Total Expenditure - Functional		24,691	24,691	24,691	24,691	24,691	24,691	24,691	24,691	24,691	24,691	24,691	24,691	296,289	309,119	331,322
Surplus/(Deficit) before assoc.		277	277	277	277	277	277	277	277	277	277	277	2,035	5,083	5,204	5,541
Share of surplus/ (deficit) of associate													—	—	—	—
Surplus/(Deficit)		1	277	277	277	277	277	277	277	277	277	277	2,035	5,083	5,204	5,541

Table 45 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

KZN291 Mandeni - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)																
Description	R thousand	Re	Budget Year 2019/20											Medium Term Revenue and Expenditure		
			July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21
Multi-year expenditure to be appropriated	1															
Vote 1 - Executive Council													—	—	—	—
Vote 2 - Budget & Treasury													—	—	—	—
Vote 3 - Corporate Services													—	—	—	—
Vote 4 - Planning and Development													—	—	—	—
Vote 5 - Health													—	—	—	—
Vote 6 - Community & Social													—	—	—	—
Vote 7 - Housing													—	—	—	—
Vote 8 - Public Safety													—	—	—	—
Vote 9 - Sports & Recreation													—	—	—	—
Vote 10 - Environment													—	—	—	—
Vote 11 - Waste Management													—	—	—	—
Vote 12 - Electricity													—	—	—	—
Vote 13 - Roads & Stormwater													—	—	—	—
Vote 14 - [NAME OF VOTE 14]													—	—	—	—
Vote 15 - [NAME OF VOTE 15]													—	—	—	—
Capital multi-year expenditure	2		—	—	—	—	—	—	—	—	—	—	—	—	—	—
Single-year expenditure to be appropriated																
Vote 1 - Executive Council			—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 2 - Budget & Treasury													—	—	—	—
Vote 3 - Corporate Services			96	96	96	96	96	96	96	96	96	96	96	1,150	—	—
Vote 4 - Planning and Development			382	382	382	382	382	382	382	382	382	382	382	4,584	—	—
Vote 5 - Health													—	—	—	—
Vote 6 - Community & Social			948	948	948	948	948	948	948	948	948	948	948	11,378	—	—
Vote 7 - Housing													19,042	19,042	—	—
Vote 8 - Public Safety			431	431	431	431	431	431	431	431	431	431	431	5,170	10,000	—
Vote 9 - Sports & Recreation													2,870	2,870	—	—
Vote 10 - Environment													250	250	—	—
Vote 11 - Waste Management			37	37	37	37	37	37	37	37	37	37	37	445	—	—
Vote 12 - Electricity			120	120	120	120	120	120	120	120	120	120	120	1,446	—	—
Vote 13 - Roads & Stormwater			1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930	23,158	37,202	39,839
Vote 14 - [NAME OF VOTE 14]													—	—	—	—
Vote 15 - [NAME OF VOTE 15]													—	—	—	—
Capital single-year expenditure	2		3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	26,106	69,493	47,202	39,839
Total Capital Expenditure	2		3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	26,106	69,493	47,202	39,839

Table 46 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

KZN291 Mandeni - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)																
Description	Re	Budget Year 2019/20												Medium Term Revenue and Expenditure		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital Expenditure - Functional	1															
Governance and administration		96	96	96	96	96	96	96	96	96	96	96	96	1,150	—	—
Executive and council		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Finance and administration		96	96	96	96	96	96	96	96	96	96	96	96	1,150	—	—
Internal audit														—	—	—
Community and public safety		1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	23,312	38,710	10,000	—
Community and social services		969	969	969	969	969	969	969	969	969	969	969	969	11,628	—	—
Sport and recreation													2,870	2,870	—	—
Public safety		431	431	431	431	431	431	431	431	431	431	431	431	5,170	10,000	—
Housing													19,042	19,042	—	—
Health													—	—	—	—
Economic and environmental services		2,312	2,312	2,312	2,312	2,312	2,312	2,312	2,312	2,312	2,312	2,312	2,312	27,742	37,202	39,839
Planning and development		382	382	382	382	382	382	382	382	382	382	382	382	4,584	—	—
Road transport		1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930	23,158	37,202	39,839
Environmental protection													—	—	—	—
Trading services		158	158	158	158	158	158	158	158	158	158	158	158	1,891	—	—
Energy sources		120	120	120	120	120	120	120	120	120	120	120	120	1,446	—	—
Water management													—	—	—	—
Waste water management													—	—	—	—
Waste management		37	37	37	37	37	37	37	37	37	37	37	37	445	—	—
Other													—	—	—	—
Total Capital Expenditure - Functional	2	3,965	3,965	3,965	3,965	3,965	3,965	3,965	3,965	3,965	3,965	3,965	25,877	69,493	47,202	39,839
Funded by:																
National Government		2,831	2,831	2,831	2,831	2,831	2,831	2,831	2,831	2,831	2,831	2,831	2,831	33,968	37,202	39,839
Provincial Government													20,172	20,172	—	—
District Municipality													—	—	—	—
Other transfers and grants													—	—	—	—
Transfers recognised - capital		2,831	2,831	2,831	2,831	2,831	2,831	2,831	2,831	2,831	2,831	2,831	23,003	54,140	37,202	39,839
Borrowing													—	—	—	—
Internally generated funds		1,279	1,279	1,279	1,279	1,279	1,279	1,279	1,279	1,279	1,279	1,279	1,279	15,353	10,000	—
Total Capital Funding		4,110	4,110	4,110	4,110	4,110	4,110	4,110	4,110	4,110	4,110	4,110	24,282	69,493	47,202	39,839

Table 47 MBRR SA30 - Budgeted monthly cash flow

KZN291 Mandeni - Supporting Table SA30 Budgeted monthly cash flow																
MONTHLY CASH FLOWS		Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	Novemb er	Decemb er	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
Cash Receipts By Source													1			
Property rates	–	3,042	3,042	3,042	3,042	3,042	3,042	3,042	3,042	3,042	3,042	3,042	33,466	35,273	37,178	
Service charges - electricity revenue	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	29,583	31,180	32,864	
Service charges - water revenue													–			
Service charges - sanitation revenue													–			
Service charges - refuse revenue	495	495	495	495	495	495	495	495	495	495	495	495	5,946	7,102	7,486	
Rental of facilities and equipment	21	21	21	21	21	21	21	21	21	21	21	21	258	272	286	
Interest earned - external investments	308	308	308	308	308	308	308	308	308	308	308	308	3,690	3,889	4,099	
Interest earned - outstanding debt	67	67	67	67	67	67	67	67	67	67	67	67	799	842	887	
Dividends received													–			
Fines, penalties and forfeits	2	2	2	2	2	2	2	2	2	2	2	2	23	24	25	
Licences and permits	110	110	110	110	110	110	110	110	110	110	110	110	1,320	1,391	1,466	
Agency services													–			
Transfer receipts - operational	88,928				59,643				41,329				–	189,900	196,832	213,027
Other revenue	56	56	56	56	56	56	56	56	56	56	56	56	677	714	752	
Cash Receipts by Source	92,453	6,567	6,567	6,567	66,210	6,567	6,567	6,567	47,896	6,567	6,567	6,567	265,661	277,520	298,072	
Other Cash Flows by Source																
Transfer receipts - capital transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Proceeds on disposal of PPE Short term loans	21,500				16,500				14,996				–	52,996	37,202	39,839
Borrowing long term/refinancing													–			
Increase (decrease) in consumables	(41)	(41)	(41)	(41)	(41)	(41)	(41)	(41)	(41)	(41)	(41)	(41)	(495)			
Decrease (increase) in non-current investments	328	328	328	328	328	328	328	328	328	328	328	328	3,935			
Decrease (increase) other non-current investments	577	577	577	577	577	577	577	577	577	577	577	577	6,922			
Total Cash Receipts by Source	114,816	7,430	7,430	7,430	83,573	7,430	7,430	7,430	63,756	7,430	7,430	7,430	329,019	314,722	337,911	
Cash Payments by Type																
Employee related costs	8,119	8,119	8,119	8,119	8,119	8,119	8,119	8,119	8,119	8,119	8,119	8,119	97,430	102,367	107,552	
Remuneration of councillors	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	13,762	14,505	15,289	
Finance charges	104	104	104	104	104	104	104	104	104	104	104	104	1,253	1,321	1,392	
Bulk purchases - Electricity	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	23,466	24,733	26,069	
Bulk purchases - Water & Sewer													–			
Other materials	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	20,595	21,391	22,546	
Contracted services	2,042	2,042	2,042	2,042	2,042	2,042	2,042	2,042	2,042	2,042	2,042	2,042	24,501	25,244	26,607	
Transfers and grants - other municipalities	–	–	–	–	–	–	–	–	–	–	–	–	–			
Transfers and grants - other	917	917	917	917	917	917	917	917	917	917	917	917	11,001	9,485	10,000	
Other expenditure	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	52,950	51,421	54,198	
Cash Payments by Type	20,413	20,413	20,413	20,413	20,413	20,413	20,413	20,413	20,413	20,413	20,413	20,413	244,958	250,467	263,652	
Other Cash Flows/Payments by Type																
Capital assets	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	69,493	47,202	39,839	
Repayment of borrowing	179	179	179	179	179	179	179	179	179	179	179	179	2,150	2,000	2,000	
Other Cash Flows/Payments	1,155	1,155	1,155	1,155	1,155	1,155	1,155	1,155	1,155	1,155	1,155	1,155	13,864	12,000	15,200	
Total Cash Payments by Type	27,539	27,539	27,539	27,539	27,539	27,539	27,539	27,539	27,539	27,539	27,539	27,539	330,465	311,669	320,691	
NET INCREASE/(DECREASE) IN CASH HELD	87,277	(20,108)	(20,108)	(20,108)	56,034	(20,108)	(20,108)	(20,108)	36,217	(20,108)	(20,108)	(20,108)	(1,446)	3,053	17,219	
Cash/cash equivalents at the month end	20,704	107,981	87,873	67,765	47,656	103,691	83,582	63,474	43,366	79,582	59,474	39,366	20,704	19,258	22,311	
Cash/cash equivalents at the month start	107,981	87,873	67,765	47,656	103,691	83,582	63,474	43,366	79,582	59,474	39,366	19,258	19,258	22,311	39,530	

2.13 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.14 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 48 MBRR SA 34a - Capital expenditure on new assets by asset class

KZN291 Mandeni - Supporting Table SA34a Capital expenditure on new assets by asset class										
Description	R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		29,217	44,407	8,080	3,655	3,655	3,655	1,146	37,202	39,839
Roads Infrastructure		29,217	44,407	7,764	1,855	1,855	1,855	—	37,202	39,839
Roads		29,217	44,407	7,764	1,735	1,735	1,735		37,202	39,839
Road Structures					120	120	120			
Road Furniture										
Capital Spares										
Electrical Infrastructure		—	—	316	1,800	1,800	1,800	1,146	—	—
Power Plants								146		
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks				316	1,800	1,800	1,800	1,000		
Capital Spares										
Community Assets		15,001	—	5,606	7,836	7,236	7,236	11,668	—	—
Community Facilities		15,001	—	5,295	7,573	6,973	6,973	7,698	—	—
Halls		15,001		5,295	5,672	5,672	5,672	4,777		
Centres										
Crèches										
Fire/Ambulance Stations										
Testing Stations					1,000	400	400			
Museums										
Galleries										
Theatres										
Libraries								421		
Cemeteries/Crematoria					—	—	—	1,500		
Police										
Parks					901	901	901			
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls					—	—	—	1,000		
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		—	—	310	263	263	263	3,970	—	—
Indoor Facilities					263	263	263			
Outdoor Facilities				310				1,100		
Capital Spares								2,870		
Other assets		—	—	—	—	14,598	14,598	23,042	10,000	—
Operational Buildings		—	—	—	—	—	—	4,000	10,000	—
Municipal Offices										
Laboratories										
Training Centres								4,000	10,000	
Manufacturing Plant										
Depots										
Capital Spares										
Housing		—	—	—	—	14,598	14,598	19,042	—	—
Staff Housing										
Social Housing						14,598	14,598	19,042		
Capital Spares										
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Biological or Cultivated Assets										
Intangible Assets		—	—	—	—	—	—	200	—	—
Servitudes										
Licences and Rights		—	—	—	—	—	—	200	—	—
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications								200		
Load Settlement Software Applications										
Unspecified										
Computer Equipment		—	—	—	100	610	610	890	—	—
Computer Equipment					100	610	610	890		
Furniture and Office Equipment		—	1,133	1,215	341	341	341	964	—	—
Furniture and Office Equipment			1,133	1,215	341	341	341	964		
Machinery and Equipment		—	998	—	542	492	492	1,925	—	—
Machinery and Equipment			998		542	492	492	1,925		
Transport Assets		2,871	3,663	435	4,000	3,900	3,900	2,500	—	—
Transport Assets		2,871	3,663	435	4,000	3,900	3,900	2,500		
Total Capital Expenditure on new assets	1	47,089	50,201	15,335	16,474	30,832	30,832	42,335	47,202	39,839

Table 49 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

KZN291 Mandeni - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class										
Description	Re	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		10,396	17,945	24,231	24,231	24,231	24,231	650	-	-
Roads Infrastructure		10,396	13,210	24,231	24,231	24,231	24,231	650	-	-
Roads		10,396	13,210	23,564	23,564	23,564	23,564	650		
Road Structures				668	668	668	668			
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		-	4,735	-	-	-	-	-	-	-
Power Plants										
HV Substations			4,735							
HV Switching Station										
Community Assets		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Indoor Facilities										
Outdoor Facilities										
Capital Spares										
Other assets		2,068	13,112	2,480	2,480	2,480	2,480	850	-	-
Operational Buildings		2,068	13,112	2,480	2,480	2,480	2,480	850	-	-
Municipal Offices		2,068	13,112	2,480	2,480	2,480	2,480	850		
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Computer Equipment		-	-	-	-	-	-	-	-	-
Computer Equipment										
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment										
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment										
Transport Assets		-	-	-	-	-	-	-	-	-
Transport Assets										
Total Capital Expenditure on renewal of existing assets	1	12,464	31,056	26,711	26,711	26,711	26,711	1,500	-	-
Renewal of Existing Assets as % of Total Capital Expenditure	% of Total	0.0%	38.2%	63.5%	47.2%	37.4%	37.4%	2.2%	0.0%	0.0%
Renewal of Existing Assets as % of Total Capital Expenditure	% of Total	0.1%	127.9%	95.4%	91.8%	91.8%	91.8%	4.9%	0.0%	0.0%

Table 50 MBRR SA34c - Repairs and maintenance expenditure by asset class

KZN291 Mandeni - Supporting Table SA34c Repairs and maintenance expenditure by asset class										
Description	Re	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		7,440	3,876	—	22,708	10,893	10,893	16,175	17,049	17,969
Roads Infrastructure		5,363	1,475	—	8,128	4,693	4,693	6,003	6,327	6,669
Roads		5,363	1,475	—	7,325	3,891	3,891	5,391	5,682	5,989
Road Structures			—	—	803	803	803	612	645	680
Road Furniture			—	—						
Capital Spares			—	—						
Storm water Infrastructure		2,077	1,766	—	5,000	—	—	—	—	—
Drainage Collection		2,077	1,766	—	5,000					
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		—	635	—	9,580	6,200	6,200	8,998	9,484	9,996
Power Plants						—	—			
HV Substations			635	—		—	—	200	211	222
HV Switching Station						—	—			
HV Transmission Conductors					5,245	3,205	3,205			
MV Substations					2,300	1,460	1,460	8,698	9,167	9,662
MV Switching Stations						—	—			
MV Networks					1,035	1,035	1,035			
LV Networks					1,000	500	500			
Capital Spares						—	—	100	105	111
Water Supply Infrastructure		—	—	—	—	—	—	—	—	—
Solid Waste Infrastructure		—	—	—	—	—	—	1,174	1,238	1,305
Landfill Sites										
Waste Separation Facilities								1,174	1,238	1,305
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		—	—	—	—	—	—	—	—	—
Community Assets		4,023	3,796	—	4,000	2,760	2,760	16,807	17,399	18,338
Community Facilities		3,745	3,746	—	3,700	2,610	2,610	13,502	14,231	14,999
Halls								7,240	7,631	8,043
Theatres										
Libraries						60	60			
Cemeteries/Crematoria										
Police										
Parks								3,162	3,332	3,512
Public Open Space		3,745	3,746	—	3,700	2,550	2,550	3,100	3,267	3,444
Nature Reserves										
Capital Spares										
Sport and Recreation Facilities		278	50	—	300	150	150	3,306	3,168	3,339
Indoor Facilities										
Outdoor Facilities		278	50	—	300	150	150	3,306	3,168	3,339
Capital Spares										
Other assets		534	410	—	850	250	250	1,800	1,897	2,000
Operational Buildings		534	410	—	850	250	250	1,600	1,686	1,777
Municipal Offices		534	410	—	850	250	250	1,600	1,686	1,777
Housing		—	—	—	—	—	—	200	211	222
Staff Housing								200	211	222
Social Housing										
Capital Spares										
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Biological or Cultivated Assets										
Intangible Assets		—	—	—	—	—	—	50	53	56
Servitudes										
Licences and Rights		—	—	—	—	—	—	50	53	56
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications								50	53	56
Computer Equipment		—	349	—	—	—	—	—	—	—
Computer Equipment			349							
Furniture and Office Equipment		388	1,701	—	912	512	512	20	21	22
Furniture and Office Equipment		388	1,701	—	912	512	512	20	21	22
Machinery and Equipment		1,631	399	—	4,600	3,600	3,600	4,450	4,690	4,944
Machinery and Equipment		1,631	399	—	4,600	3,600	3,600	4,450	4,690	4,944
Transport Assets		—	—	—	—	—	—	3,800	4,005	4,221
Transport Assets								3,800	4,005	4,221
Land		—	—	—	—	—	—	—	—	—
Land										
Zoo's, Marine and Non-biological		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals										
Total Repairs and Maintenance	1	14,017	10,530	—	33,070	18,015	18,015	43,102	45,114	47,550
R&M as a % of PPE		4.1%	2.7%	0.0%	7.5%	4.0%	4.0%	9.5%	9.1%	8.4%
R&M as % Operating Expenditure		6.4%	4.3%	0.0%	13.3%	6.8%	6.8%	16.4%	15.2%	15.4%

Table 51 MBRR SA35 - Future financial implications of the capital budget

KZN291 Mandeni - Supporting Table SA35 Future financial implications of the capital budget								
Vote Description	Re	2019/20 Medium Term			Forecasts			
		Revenue & Expenditure Framework			Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Present value
		Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22				
R thousand								
Capital expenditure	1							
Vote 1 - Executive Council		—	—	—				
Vote 2 - Budget & Treasury		—	—	—				
Vote 3 - Corporate Services		1,150	—	—				
Vote 4 - Planning and Development		4,584	—	—				
Vote 5 - Health		—	—	—				
Vote 6 - Community & Social		11,378	—	—				
Vote 7 - Housing		19,042	—	—				
Vote 8 - Public Safety		5,170	10,000	—				
Vote 9 - Sports & Recreation		2,870	—	—				
Vote 10 - Environment		250	—	—				
Vote 11 - Waste Management		445	—	—				
Vote 12 - Electricity		1,446	—	—				
Vote 13 - Roads & Stormwater		23,158	37,202	39,839				
Vote 14 - [NAME OF VOTE 14]		—	—	—				
Vote 15 - [NAME OF VOTE 15]		—	—	—				
List entity summary if applicable								
Total Capital Expenditure		69,493	47,202	39,839	—	—	—	—
Future operational costs by vote	2							
Vote 1 - Executive Council		42,425	44,716	47,131				
Vote 2 - Budget & Treasury		71,629	75,497	79,574				
Vote 3 - Corporate Services		36,200	38,155	40,215				
Vote 4 - Planning and Development		21,246	22,393	23,602				
Vote 5 - Health		—	—	—				
Vote 6 - Community & Social		25,559	26,939	28,394				
Vote 7 - Housing		140	148	156				
Vote 8 - Public Safety		21,569	22,734	23,961				
Vote 9 - Sports & Recreation		1,444	1,522	1,605				
Vote 10 - Environment		—	—	—				
Vote 11 - Waste Management		9,173	9,669	10,191				
Vote 12 - Electricity		41,757	38,691	46,292				
Vote 13 - Roads & Stormwater		25,147	26,505	27,936				
Vote 14 - [NAME OF VOTE 14]		—	—	—				
Vote 15 - [NAME OF VOTE 15]		—	—	—				
List entity summary if applicable								
Total future operational costs		296,289	306,969	329,056	—	—	—	—
Future revenue by source	3							
Property rates		49,509	52,182	55,000				
Service charges - electricity revenue		30,140	31,767	33,483				
Service charges - water revenue		—	—	—				
Service charges - sanitation revenue		—	—	—				
Service charges - refuse revenue		9,510	10,023	10,564				
Rental of facilities and equipment		258	272	286				
Interest earned - external investments		3,690	3,889	4,099				
Interest earned - outstanding debt		15,975	16,838	17,747				
Fines, penalties and forfeits		405	427	450				
Licences and permits		1,320	1,391	1,466				
Transfers and subsidies		189,900	196,832	213,027				
Other revenue		665	701	739				
List entity summary if applicable								
Total future revenue		301,372	314,323	336,863	—	—	—	—
Net Financial Implications		64,411	39,847	32,032	—	—	—	—

Table 52 MBRR SA36 - Detailed capital budget per municipal vote

KZN291 Mandeni - Supporting Table SA36 Detailed capital budget																
R thousand													2019/20 Medium Term Revenue & Expenditure Framework			
Function	Project Description	Project Number	Type	MTSF Service Outcome	IUDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Latitude	Current Year 2018/19 Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
Parent municipality: List all capital projects grouped by Function																
ROADS & STORMW	Construction of head walls in various wards	BSD/TSID 20	Upgrading	accountable, effective and efficient local	Inclusion and access	UNIVERSAL ACCESS TO BASIC	Roads Infrastructure	Roads	All Wards 3, 7, 13, 14, 15	29°8'6.409"S	31°23'52.11"E		200		-	
	Procurement of Kerbs and construction of concrete channels	BSD/TSID 21	Renewal	accountable, effective and efficient local	Inclusion and access	UNIVERSAL ACCESS TO BASIC	Roads Infrastructure	Road Structures		29°7'50.959"S	31°23'31.154"E		200			
	Procurement of Heavy duty Manhole covers to replace broken	BSD/TSID 22	Renewal	accountable, effective and efficient local	Inclusion and access	UNIVERSAL ACCESS TO BASIC	Roads Infrastructure	Road Structures		29°8'27.714"S	31°24'1.638"E		200			
	Installation of guardrails	BSD/TSID 23	Renewal	accountable, effective and efficient local	Inclusion and access	UNIVERSAL ACCESS TO BASIC	Roads Infrastructure	Road Furniture		29°9'22.305"S	31°25'4.628"E	200	250			
	Procurement of common bricks for construction of Headwalls	BSD/TSID 24	Renewal	accountable, effective and efficient local	Inclusion and access	UNIVERSAL ACCESS TO BASIC	Roads Infrastructure	Road Furniture		29°7'32.118"S	31°23'45.763"E		70			
	Procurement of road marking machine	BSD/TSID 25	New	accountable, effective and efficient local	Inclusion and access	UNIVERSAL ACCESS TO BASIC	Roads Infrastructure	Roads		29°9'10.886"S	31°24'33.501"E		100			
	Construction of 2.4mx 2.4m security guard houses	BSD/TSID 26	New	accountable, effective and efficient local	Inclusion and access	UNIVERSAL ACCESS TO BASIC	Operational Buildings	Municipal Offices		29°9'36.796"S	31°25'4.321"E		250			
	Construction of traffic calming measures (Speed Humps) in wards	BSD/TSID 27	Renewal	accountable, effective and efficient local	Inclusion and access	UNIVERSAL ACCESS TO BASIC	Roads Infrastructure	Road Structures		29°7'50.959"S	31°23'31.154"E		200			
	Retention: Construction of 30 speed humps in various wards	BSD/TSID 28	Upgrading	accountable, effective and efficient local	Inclusion and access	UNIVERSAL ACCESS TO BASIC	Roads Infrastructure	Road Structures				120	27			
	Neighborhood Development Grant											10,667				
Procurement of grader											3,900					
MECHANICAL WORKS	1 x Single Drum Roller	MTD/TSID	New	accountable, effective and efficient local	Inclusion and access	To Service Municipal Fleet schedule	Transport Assets	Roads	All wards				1,500			
ELECTRICAL	Supply and Install Airconditioning Units	BSD/TSID 17	New	accountable, effective and efficient local	Inclusion and access	Creating a conducive working environment	Operational Buildings	Capital Spares	3	29°9'36.796"S	31°25'4.321"E		50			
	1 X 12m Electric Sky Jack	BSD/TSID 18	New	accountable, effective and efficient local	Inclusion and access	Creating a conducive working environment	Machinery and Equipment	Electricity Generation Facilities	3	29°9'36.796"S	31°25'4.321"E		250			
	Purchase and Install 3 X RMU	BSD/TSID 19	New	accountable, effective and efficient local	Inclusion and access	Creating a conducive working environment	Electrical Infrastructure	Electricity Generation Facilities	3	29°9'36.796"S	31°25'4.321"E		1,000			
	Retention : Installation of 85 Streetlights in Various Wards in Mandeni											50				
	Replacement of RMU in ward 3(Patrys Rd)by 30 June 2019											650				
	Purchase of a Diagnostic Machine (Small Tools)											230				
	15 headwalls to be constructed by 30 June 2019											180				
	Purchase of a concrete Cutter Machine											92				
	Construction Fees: Nyoni Phase 3 Underpass	BSD/TSID 01	Upgrading	accountable, effective and efficient local	Inclusion and access	Infrastructure backlog and maintain the existing infrastructure	Roads Infrastructure	Roads	10	29°6'37.14"S	31°25'24.555"E	1,815	559			
	Professional Fees: Nyoni Phase 3 Underpass	BSD/TSID 02								29°6'37.14"S	31°25'24.555"E		91			
Retention: Construction of sidewalks	BSD/TSID 03	Renewal	accountable, effective and efficient local	Inclusion and access	Infrastructure backlog and maintain the existing infrastructure	Roads Infrastructure	Road Furniture	4	29°5'1.737"S	31°24'41.846"E		101				
Construction Fees: Upgrade and Improvement of Enembe Road	BSD/TSID 04	Upgrading	Responsive, accountable, effective and efficient local	Inclusion and access	Infrastructure backlog and maintain the existing infrastructure	Roads Infrastructure	Roads	7, 13, 14, 15	29°7'48.126"S	31°23'35.216"E	5,671	9,832				
Professional Fees: Upgrade and Improvement of Enembe Road	BSD/TSID 05								29°7'48.126"S	31°23'35.216"E		1,600				
Construction Fees: Nyoni Taxi Route Phase 4	BSD/TSID 06	Upgrading	Responsive, accountable, effective and efficient local	Inclusion and access	Infrastructure backlog and maintain the existing infrastructure	Roads Infrastructure	Roads	10	29°6'37.14"S	31°25'24.555"E	7,309	11,333	37,202	39,839		
Professional Fees: Nyoni Taxi Route Phase 4	BSD/TSID 07								29°6'37.14"S	31°25'24.555"E	10,603	1,845				
Retention: Installation of Streetlights in Mandeni	BSD/TSID 08	New	accountable, effective and efficient local	Inclusion and access	Access to electricity for all targeted communities	Electrical Infrastructure	HV Switching Station	All wards			1,750	146				
Construction Fees: Construction of Community Hall in Ward 13	BSD/TSID 09	New	accountable, effective and efficient local	Inclusion and access	the provision of new community facilities	Community Facilities	Halls	13	29°7'36.912"S	31°23'35.094"E	114	3,830				
Professional Fees: Construction of Community Hall in Ward 14	BSD/TSID 10								29°7'36.912"S	31°23'35.094"E		624				
Retention: Construction of Community Hall in Ward 5	BSD/TSID 11	New	accountable, effective and efficient local	Inclusion and access	the provision of new community facilities	Community Facilities	Halls	5	29°6'59.177"S	31°20'46.81"E		324				
Recreational Play Park Facilities for Children in Ward	BSD/TSID 12	New	accountable, effective and efficient local	Inclusion and access	the provision of new community facilities	Sport and Recreation Facilities	Outdoor Facilities	4	29°5'1.737"S	31°24'41.846"E	263	800				
Construction Fees: Construction of a Swimming Pool Ward 13	BSD/TSID 13	New	Responsive, accountable, effective and efficient local	Inclusion and access	the provision of new community facilities	Sport and Recreation Facilities	Outdoor Facilities	15	29°8'8.681"S	31°23'54.758"E		2,468				
Professional Fees: Construction of a Swimming Pool Ward 13	BSD/TSID 14								29°8'8.681"S	31°23'54.758"E		402				
PMU - Furniture	BSD/TSID 15	New	accountable, effective and efficient local	Governance	existing municipal buildings, as	Furniture and Office Equipment	Municipal Offices					14				
Civic Centre Upgrade (Council Chamber Partition)	BSD/TSID 16	Renewal	accountable, effective and efficient local	Inclusion and access	existing municipal buildings, as	Operational Buildings	Municipal Offices	3	29°9'36.796"S	31°25'4.321"E	1,058	600				
Construction Fees : Package B - Civic Centre Upgrade												872				
PMU												1,735				
Construction Fees: Construct 1 multi-purpose Hall in 5												5,558				
Retention : Construction of the Chappies Sports field												263				
Retention : Upgrade of Homendini Bus Route												676				

KZN291 Mandeni - Supporting Table SA36 Detailed capital budget																
R thousand													2019/20 Medium Term Revenue & Expenditure Framework			
Function	Project Description	Project Number	Type	MTSF Service Outcome	IUDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Latitude	Current Year 2018/19 Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
LIBRARIES	Network Extensions and Wifi Upgrade	CSD 01	Upgrading	accountable, effective and efficient local	Inclusion and access	Provide the library services	Computer Software and Applications	Libraries	3,6,14,17	29°59.59'S	31°25'9.475"E		200			
	Purchase of New Computers	CSD 02	New	accountable, effective and efficient local	Inclusion and access	Provide the library services	Computer Equipment	Libraries	3,6,14,17	29°59.59'S	31°25'9.475"E	120	160			
	Cleaning Equipments and hoovers for the libraries	CSD 03	New	accountable, effective and efficient local	Inclusion and access	Provide the library services	Furniture and Office Equipment	Libraries	3,6,14,17	29°59.59'S	31°25'9.475"E		50			
	Carpet and Tiles	CSD 04	Renewal	accountable, effective and efficient local	Inclusion and access	Provide the library services	Furniture and Office Equipment	Libraries	3,6,14,17	29°59.59'S	31°25'9.475"E		171			
	Building maintenances and Upgrades	CSD 05	Upgrading	accountable, effective and efficient local	Inclusion and access	Provide the library services	Community Facilities	Libraries	3,6,14,17	29°59.59'S	31°25'9.475"E		200			
	New Airconditioning and Repairs	CSD 06	New	accountable, effective and efficient local	Inclusion and access	Provide the library services	Furniture and Office Equipment	Libraries	3,6,14,17	29°59.59'S	31°25'9.475"E		120			
	Library Furniture	CSD 07	New	accountable, effective and efficient local	Inclusion and access	Provide the library services	Furniture and Office Equipment	Libraries	3,6,14,17	29°59.59'S	31°25'9.475"E		180			
	Computer and Electrical Equipments	CSD 08	New	accountable, effective and efficient local	Inclusion and access	Provide the library services	Computer Equipment	Libraries	3,6,14,17	29°59.59'S	31°25'9.475"E		50			
	construction of parking at isihebe modular library												240			
	fencing at Isithebe modular library												801			
	Construction of Storm water drainage												200			
	Construction of Retaining wall Sithebe Libray												200			
	Installation of External Water Tank												30			
	CORPORATE SERVICES	Laptops and Computers	IDT 28	New	accountable, effective and efficient local	Governance		Computer Equipment	Municipal Offices	Ward 3	29°36.796'S	31°25'4.321"E	550	650		
Office Equipment/Furniture		IDT 24	New	accountable, effective and efficient local	Governance		Furniture and Office Equipment	Municipal Offices	Ward 3	29°36.796'S	31°25'4.321"E	200	500			
COMMUNICATION	Procurement of Video camera	GPP03	New	accountable, effective and efficient local	Governance		Computer Equipment	Computer Software and Applications	All wards				60			
WASTE & FACILITIES	Procurement of 30 skips	ML_BSD_04.4	New	accountable, effective and efficient local	Inclusion and access	have access to community facilities	Non-revenue Generating	Waste Drop-off Points	1,4,5,6,8,9,10,11,12,13,14,15,16,17,18	29°7'50.959"S	31°23'31.154"E		375			
	Procurement of 65 wheele bins	ML_BSD_05.5	New	accountable, effective and efficient local	Inclusion and access	have access to community facilities	Non-revenue Generating	Waste Drop-off Points	All wards				70			
	Procurement of EPWP Administration Laptops	ML_LED_04.5	New	accountable, effective and efficient local	Governance	employment opportunities for skills	Computer Equipment	Municipal Offices	All wards				30			
	Procurement of ride on mower	ML_CSSD_01.1	New	accountable, effective and efficient local	Inclusion and access	have access to community facilities	Machinery and Equipment	Public Open Space	All wards				150			
	Procurement of Coastal management equipment	ML_CSSD_02.2	New	accountable, effective and efficient local	Inclusion and access	have access to community facilities	Machinery and Equipment	Public Open Space	1 and 2	29°4'31.773"S	31°38'56.216"E		300			
	Procurement of Homendlini hall furniture	ML_CSSD_03.3	New	accountable, effective and efficient local	Inclusion and access	have access to community facilities	Furniture and Office Equipment	Halls	4	29°5'1.737"S	31°24'41.846"E		100			
	Procurement of brushcutting machines								Municipality				100			
	Procurement of 300 Chairs at Isibusiwe Hall								Ward 07	29°7'48.126"S	31°23'35.216"E		60			
	Procurement of Isithebe Hall Furniture								Ward 15	29°7'50.959"S	31°23'31.154"E		100			
	Procurement of Washing Machine for Community Facilities cloths								Municipality				20			
PUBLIC SAFETY	Construction of Phase 1 of New Protection Services Centre	FVM 09_01	New		Inclusion and access	municipal contribution to community	Operational Buildings	Testing Stations	Ward 3	29°36.796'S	31°25'4.321"E	400	4,000	10,000		
	Procurement of two (2) Traffic Vehicles (sedan)	CSD 04_02	New	accountable, effective and efficient local	Inclusion and access	municipal contribution to community	Transport Assets	Testing Stations	All wards				1,000			
	Procurement of 8 X 5 seater Steel chairs (DLTC Customers)	CSD 04_02	New	accountable, effective and efficient local	Inclusion and access	municipal contribution to community	Furniture and Office Equipment	Testing Stations	All wards				60			
	Procurement of DLTC Steel filing cabinet	CSD 04_02	New	accountable, effective and efficient local	Inclusion and access	municipal contribution to community	Furniture and Office Equipment	Testing Stations	All wards				60			
	Calibration of Speed Enforcement Camera	FVM 09_03	New	accountable, effective and efficient local	Inclusion and access	municipal contribution to community	Machinery and Equipment	Testing Stations	All wards				50			
PARKS	Woodchipper	ML_CS_03	New	accountable, effective and efficient local	Spatial integration	municipal contribution to community	Machinery and Equipment	Public Open Space	All wards				250			
EDPHS	Cemetery Establishment	CSD_01	New		Inclusion and access	the provision of new community	Community Facilities	Cemeteries/Crematoria	Ward 16	29°5'15.685"S	31°26'34.232"E		1,500			
	Dokodweni North Beach Upgrade	SDF02	Upgrading	accountable, effective and efficient local	Inclusion and access	at the Dokodweni Area development	Community Facilities	Public Open Space	Ward 02	29°4'31.773"S	31°38'56.216"E		300			
	Informal trader stalls	SDF02	New	accountable, effective and efficient local	Inclusion and access	ment a coastal management	Community Facilities	Stalls	All wards	29°8'41.803"S	31°24'9.992"E		1,000			
HOUSING	Isithebe Housing Project	BSD_05	New	human settlements and improved quality of	Inclusion and access	on technology and document m	Housing	Social Housing	Ward 3			9,084	9,042			
	Inyoni Slum Clearance								Ward 15	29°4'58.935"S	31°25'3.137"E	5,500	10,000			
Parent Capital expenditure												71,381	69,493	47,202	39,839	

2.15 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.

Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

Audit Committee

An Audit Committee has been established and is fully functional.

Service Delivery and Implementation Plan

The detail SDBIP document is at a stage and will be finalized after approval of the 2019/20 MTREF during June 2019 directly aligned and informed by the 2019/20 MTREF.

Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

MFMA Training

The MFMA training module in electronic format is presented at the Municipality's internal center and training is ongoing.

Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 May 2009, was announced in Government Gazette 33016 on 05 September 2014. The ratios as prescribed in the Regulations have been complied with.

2.16 Other supporting documents

Table 53 MBRR Table SA1 - Supporting detail to budgeted financial performance

Table 53 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

KZN291 Mandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'										
Description	Re	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
REVENUE ITEMS:										
Property rates	6									
Total Property Rates		27,408	30,557	52,422	63,590	63,590	63,590	65,443	68,977	72,702
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>					15,858	15,858	15,858	15,935	16,795	17,702
Net Property Rates		27,408	30,557	52,422	47,732	47,732	47,732	49,509	52,182	55,000
Service charges - electricity revenue	6									
Total Service charges - electricity revenue		13,186	13,399	24,589	20,394	23,894	23,894	30,140	31,767	33,483
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>										
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>		—	—	—	—	—	—	—	—	—
Net Service charges - electricity revenue		13,186	13,399	24,589	20,394	23,894	23,894	30,140	31,767	33,483
Net Service charges - sanitation revenue		—	—	—	—	—	—	—	—	—
Service charges - refuse revenue	6									
Total refuse removal revenue		6,339	7,750	8,928	8,899	9,549	9,549	10,145	10,693	11,271
Total landfill revenue										
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>										
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>		—	—	—	505	505	505	636	670	706
Net Service charges - refuse revenue		6,339	7,750	8,928	8,393	9,043	9,043	9,510	10,023	10,564
Other Revenue by source										
Fuel Levy										
Other Revenue/ Clearance Certificates, Es	23	24	79	106	106	106	106	127	133	141
Tender fees				106	106	106	106	167	176	185
Town Planning Fees	17	16	6	53	128	128	128	128	135	142
Building Plan Fees	45	30	57	21	96	96	96	96	101	107
Photocopy Charges	41	51	60	32	32	32	32	33	35	37
Fire Services			15	6	6	6	6	7	7	7
Entrance Fees - Swimming Pool	13	—		21	21	21	21	—	—	—
Connection Fees	—	15	158	11	11	11	11	86	91	96
Reconnection Fees	19	73						22	24	25
Sundry Income	1,413	682	322							
Donatd assets income	3	10,214	31,044							
Total 'Other' Revenue	1	11,785	31,935	697	356	506	506	665	701	739

KZN291 Mandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	44,407	49,102	55,495	66,317	66,317	66,317	66,317	75,110	78,841	82,757
Pension and UIF Contributions		429	454	385	7,864	7,864	7,864	7,864	10,908	11,497	12,118
Medical Aid Contributions		3,142	3,410	3,600	3,798	3,798	3,798	3,798	3,970	4,185	4,410
Overtime		844	1,314	1,179	850	850	850	850	907	956	1,008
Performance Bonus		6,491	6,648	203	289	289	289	289	308	325	342
Motor Vehicle Allowance		2,528	2,902	3,686	3,935	3,935	3,935	3,935	5,103	5,379	5,669
Cellphone Allowance		247	303	442	644	644	644	644	752	793	836
Housing Allowances		92	142	246	412	412	412	412	371	392	413
Other benefits and allowances		622	658	7,723							
Payments in lieu of leave		3,688	1,317	81							
Long service awards		—		(428)							
Post-retirement benefit obligations	4	6,114	6,708	4,685							
sub-total	5	68,601	72,958	77,298	84,109	84,109	84,109	84,109	97,430	102,367	107,552
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	68,601	72,958	77,298	84,109	84,109	84,109	84,109	97,430	102,367	107,552
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		22,976	24,278	27,988	29,097	29,097	29,097	29,097	30,804	32,467	34,220
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation	10										
Total Depreciation & asset impairment	1	22,976	24,278	27,988	29,097	29,097	29,097	29,097	30,804	32,467	34,220
Bulk purchases											
Electricity Bulk Purchases		8,972	10,984	16,565	17,331	21,331	21,331	21,331	23,466	24,733	26,069
Water Bulk Purchases											
Total bulk purchases	1	8,972	10,984	16,565	17,331	21,331	21,331	21,331	23,466	24,733	26,069
Transfers and grants											
Cash transfers and grants		—	—	—	—	—	—	—	—	—	—
Non-cash transfers and grants		6,824	16,762	11,518	8,329	8,329	8,329	8,329	11,636	11,737	12,373
Total transfers and grants	1	6,824	16,762	11,518	8,329	8,329	8,329	8,329	11,636	11,737	12,373
Contracted services											
Security - Alarms/Cash in Transit					63	63	63	63	65	69	72
Security Services Contractor		7,403	8,217	6,129	6,200	10,700	10,700	10,700	8,000	8,432	8,887
Fire Services- Outsourced		4,088	3,584	3,741	4,200	3,700	3,700	3,700	3,600	3,794	3,999
Contractors - Valuation Roll		705	339	600	400	400	400	400	250	264	278
Contractors -Animal Pound					720	720	720	720	800	843	889
Contractors -Prepaid Metering System		4,509	2,878	2,782	300	600	600	600	650	685	722
Contractors -Refuse Bags		7,227	3,223	2,487	1,000	3,000	3,000	3,000	1,200	1,265	1,333
Contractors - Landfill Site					1,000	1,000	1,000	1,000	1,501	1,582	1,667
Contractors - Debt Collection Services					600	—	—	—	500	527	555
Contractors - Lease Fleet Political officer Beares					850	1,650	1,650	1,650	1,900	2,003	2,111
Contractors - Insurance					800	800	800	800	900	949	1,000
Contractors -Lease of compactor truck and bakkie									1,635	1,723	1,817
Contractors -Lease of Municipal Office Space									1,500	1,581	1,666
Contractors -Lease of Parkhomes									1,400	1,476	1,555
Contractors -Postage of Municipal Statements									600	632	667
sub-total	1	23,933	18,241	15,740	16,133	22,633	22,633	22,633	24,501	25,824	27,218
Total contracted services		23,933	18,241	15,740	16,133	22,633	22,633	22,633	24,501	25,824	27,218

KZN291 Mandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'										
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
Other Expenditure By Type										
Collection costs		134	329		300	300	300			
Contributions to 'other' provisions						—	—			
Consultant fees		3,441	7,661	2,559	750	1,000	1,000	1,200	1,265	1,333
Audit fees		6,122	1,674	1,798	2,200	2,500	2,500	2,200	2,319	2,444
General expenses	3	29,301	10,675	13,244	24,750	29,378	29,378	24,308	25,621	27,004
Conduct EIA for Dokodweni Area								300	316	333
Community Uplifmrnt Programs (PWD, Etc)		1,449	3,628	—	1,000	860	860	1,601	1,687	1,779
Youth Programs		332	407	443	960	960	960	2,371	2,499	2,634
Communications & Municipal Branding		1,111	703	872	760	560	560	915	964	1,016
Salga Levies		676	506	558	800	1,100	1,100	1,400	1,476	1,555
ILEMBE WATER		354	624	1,237	600	600	600	654	689	727
Audit Committee Members								163	171	181
Internal Audit								800	844	889
Libraries		745	1,008	3,468		1,160	1,160	1,510	1,592	1,677
Project Management Unit (Top Slice)								300	316	333
Electricity Internal		1,143	1,346	680	800	1,600	1,600	1,700	1,792	1,889
Dept. of Labour (workmens Compensation)		342	372	386				800	843	889
Fuel & oil		3,023	3,446	3,509	2,000	4,500	4,500	4,500	4,743	4,999
Spatial Development Framework					150			1,000	1,054	1,111
Nodal Plans								2,500	2,635	2,777
Payment of vehicle excess (insurance)								200	211	222
Strategic SMMEs Intervention Programme (Quick Wins)					800	800	800	800	843	889
Membership fee for Vuthela LED Ilembe Program					500	500	500	600	632	667
Entrepreneur Support Programm		582	1,121	620	250	250	250	400	422	444
Community Consultation (Public Participati		3,522	5,357	81	2,900	3,931	3,931	2,025	2,134	2,250
LED Programs		4,741	2,882	730	150	150	150	453	478	503
Land surveyors								250	264	278
Total 'Other' Expenditure	1	57,016	41,739	30,185	39,670	50,149	50,149	52,950	55,809	58,823
Repairs and Maintenance	8									
Employee related costs		6,491	6,648	72,613	16,781	16,781	16,781	19,652	20,713	21,832
Other materials		14,017	10,530	12,233	33,310	18,255	18,255	20,595	21,391	22,546
Contracted Services						—	—		—	—
Other Expenditure						5,015	5,015	2,856	3,010	3,172
Total Repairs and Maintenance Expenditure	9	20,508	17,178	84,845	50,091	40,051	40,051	43,102	45,114	47,550

Table 54 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

KZN291 Mandeni - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)																
Description	Vote 1 - Executive Council	Vote 2 - Budget & Treasury	Vote 3 - Corporate Services	Vote 4 - Planning and Develop	Vote 5 - Health	Vote 6 - Communi- ty & Social	Vote 7 - Housing	Vote 8 - Public Safety	Vote 9 - Sports & Recreati- on	Vote 10 - Environ- ment	Vote 11 - Waste Manage- ment	Vote 12 - Electrici- ty	Vote 13 - Roads & Stormwa- ter	Vote 14 - [NAME OF VOTE	Vote 15 - [NAME OF VOTE	Total
R thousand	1															
Revenue By Source																
Property rates		49,509														49,509
Service charges - electricity revenue												30,140				30,140
Service charges - water revenue																-
Service charges - sanitation revenue																-
Service charges - refuse revenue											9,510					9,510
Rental of facilities and equipment						258										258
Interest earned - external investments		3,690														3,690
Interest earned - outstanding debtors		15,975														15,975
Dividends received																-
Fines, penalties and forfeits						50		355								405
Licences and permits								1,320								1,320
Agency services																-
Other revenue		217		224		33		83				108				665
Transfers and subsidies	7,489	161,894		3,500		6,102						9,500	1,415			189,900
Gains on disposal of PPE																-
Total Revenue (excluding capital)	7,489	231,285	-	3,724	-	6,443	-	1,758	-	-	9,510	39,748	1,415	-	-	301,372
Expenditure By Type																
Employee related costs	11,874	14,871	11,710	13,653		15,473		6,789	1,174		6,990	2,478	12,419			97,430
Remuneration of councillors	13,762															13,762
Debt impairment		19,891														19,891
Depreciation & asset impairment		30,804														30,804
Finance charges		1,253														1,253
Bulk purchases												23,466				23,466
Other materials			600	50		3,420		150	270		242	3,300	12,563			20,595
Contracted services		2,900	4,800			3,136		12,465			1,200					24,501
Transfers and subsidies											636	11,001				11,636
Other expenditure	16,789	1,911	19,090	7,683		3,530	-	2,165			106	1,512	165			52,950
Loss on disposal of PPE																-
Total Expenditure	42,425	71,629	36,200	21,386	-	25,559	-	21,569	1,444	-	9,173	41,757	25,147	-	-	296,289
Surplus/(Deficit)	(34,936)	159,656	(36,200)	(17,662)	-	(19,116)	-	(19,811)	(1,444)	-	336	(2,008)	(23,732)	-	-	5,083
Transfers and subsidies - capital (monetary allocations)							19,042						33,954			52,996
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)																-
Transfers and subsidies - capital (monetary allocations)																-
Surplus/(Deficit) after capital transfers & contributions	(34,936)	159,656	(36,200)	(17,662)	-	(19,116)	19,042	(19,811)	(1,444)	-	336	(2,008)	10,222	-	-	58,078

Table 55 MBRR Table SA3 – Supporting detail to Statement of Financial Position

KZN291 Mandeni - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'										
Description	Re	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
ASSETS										
Call investment deposits										
Call deposits		27,456	12,521	24,600						
Other current investments										
Total Call investment deposits	2	27,456	12,521	24,600	-	-	-	-	-	-
Consumer debtors										
Consumer debtors		121,353	147,814	29,032	179,445	189,523	189,523	204,047	206,065	217,193
Less: Provision for debt impairment		(78,001)	(114,636)	(3,000)	(116,035)	(115,581)	(115,581)	(125,350)	(135,315)	(153,154)
Total Consumer debtors	2	43,352	33,178	26,032	63,410	73,943	73,943	78,697	70,750	64,039
Debt impairment provision										
Balance at the beginning of the year		75,962	78,002	36,634	114,635	114,635	114,635	115,581	125,350	135,315
Contributions to the provision		1,821	36,634	-	11,900	15,068	15,068	19,891	18,965	25,839
Bad debts written off		218		15,145	(10,500)	(14,122)	(14,122)	(10,122)	(9,000)	(8,000)
Balance at end of year		78,001	114,636	51,779	116,035	115,581	115,581	125,350	135,315	153,154
Property, plant and equipment (PPE)										
PPE at cost/valuation (excl. finance		367,898	419,224	452,255	469,553	633,377	633,377	699,760	799,557	842,733
Leases recognised as PPE	3					-	-			
Less: Accumulated depreciation		28,289	24,029	24,278	27,365	177,715	177,715	206,520	235,312	248,018
Total Property, plant and equip	2	339,609	395,196	427,977	442,188	455,662	455,662	493,241	564,245	594,714
LIABILITIES										
Current liabilities - Borrowing										
Short term loans (other than bank overdraft)										
Current portion of long-term liabilities		263	1,181	1,057	1,350	1,057	1,057	1,205	1,270	1,338
Total Current liabilities - Borrowing		263	1,181	1,057	1,350	1,057	1,057	1,205	1,270	1,338
Trade and other payables										
Trade Payables	5	15,906	27,135	29,983	14,739	19,482	19,482	8,864	6,000	6,000
Other creditors								11,497	9,000	7,000
Unspent conditional transfers		11,271	8,463		11,706	5,631	5,631	7,186	4,000	3,000
VAT										
Total Trade and other payable	2	27,178	35,598	29,983	26,445	25,113	25,113	27,547	19,000	16,000
Non current liabilities - Borrowing										
Borrowing	4	671	3,378	2,704	3,500	2,703	2,703	2,503	2,638	2,781
Finance leases (including PPP asset element)										
Total Non current liabilities - Borrowing		671	3,378	2,704	3,500	2,703	2,703	2,503	2,638	2,781
Provisions - non-current										
Retirement benefits		18,708	18,504	17,570	18,504	17,570	17,570	17,570	17,570	17,570
List other major provision items										
Refuse landfill site rehabilitation										
Other										
Total Provisions - non-current		18,708	18,504	17,570	18,504	17,570	17,570	17,570	17,570	17,570
CHANGES IN NET ASSETS										
Accumulated Surplus/(Deficit)										
Accumulated Surplus/(Deficit) - opening		343,768	443,092	411,294	466,378	550,151	550,151	546,794	614,547	638,137
GRAP adjustments										
Restated balance		343,768	443,092	411,294	466,378	550,151	550,151	546,794	614,547	638,137
Surplus/(Deficit)		32,226	66,694	77,464	44,335	58,934	59,971	56,578	40,825	43,713
Appropriations to Reserves										
Transfers from Reserves										
Depreciation offsets										
Other adjustments										
Accumulated Surplus/(Deficit) - closing	1	375,995	509,786	488,758	510,713	609,085	610,122	603,372	655,372	681,850
Reserves										
Housing Development Fund		1,859	1,944	2,032	2,011	1,263	1,263	1,352	1,499	1,663
Capital replacement										
Self-insurance										
Other reserves										
Revaluation										
Total Reserves	2	1,859	1,944	2,032	2,011	1,263	1,263	1,352	1,499	1,663
TOTAL COMMUNITY WEALTH	2	377,854	511,730	490,790	512,724	610,347	611,385	604,724	656,871	683,513

Table 56 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

KZN291 Mandeni - Supporting Table SA9 Social, economic and demographic statistics and assumptions												
Description of economic indicator	Re f.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2015/16	2016/17	2017/18	Current Year	2019/20 Medium Term Revenue & Expenditure		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population						138	138	134	134	134		
Females aged 5 - 14												
Males aged 5 - 14												
Females aged 15 - 34												
Males aged 15 - 34												
Unemployment						57	57	58	58	58		
Monthly household income (no. of	1,											
No income						55,739	55,739	55,740	55,740	55,740		
R1 - R1 600						2,071	2,071	33,612	33,612	33,612		
R1 601 - R3 200						3,971	3,971	3,971	3,971	3,971		
R3 201 - R6 400						9,818	9,818	9,818	9,818	9,818		
R6 401 - R12 800						8,735	8,735	8,735	8,735	8,735		
R12 801 - R25 600						4,414	4,414	4,414	4,414	4,414		
R25 601 - R51 200						2,135	2,135	516	516	516		
R52 201 - R102 400						1,220	1,220	-	-	-		
R102 401 - R204 800						616	616	616	616	616		
R204 801 - R409 600						88	88	88	88	88		
R409 601 - R819 200						34	34	34	34	34		
> R819 200						28	28	28	28	28		
Poverty profiles (no. of												
< R2 060 per household per month	13					17270.00	17270.00	17270.00	17270.00	17270.00		
Insert description	2											
Household/demographics (000)												
Number of people in municipal area						138	138	138	138	138		
Number of poor people in municipal						66	66	66	66	66		
Number of households in municipal						38	38	38	38	38		
Number of poor households in						25	25	25	25	25		
Definition of poor household (R per												
Housing statistics	3											
Formal						33,519	33,519	33,519	33,519	33,519		
Informal						4,716	4,716	4,716	4,716	4,716		
Total number of households												
Dwellings provided by municipality	4					38,235	38,235	38,235	38,235	38,235	-	-
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings												
Economic	6											
Inflation/inflation outlook (CPIX)												
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases												
Consumption growth (electricity)												
Consumption growth (water)												
Collection rates	7											
Property tax/service charges												
Rental of facilities & equipment												
Interest - external investments												
Interest - debtors												
Revenue from agency services												

Municipal in-house services	Ref.		2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year	Budget Year	Budget Year +1	Budget Year +2
		Household service targets (000)									
		Water:									
		Piped water inside dwelling	9,851	9,851	10,501	11,152	11,152	11,152	11,152	11,152	11,152
		Piped water inside yard (but not in dwelling)	10,902	10,902	11,622	12,385	12,385	12,385	12,385	12,385	12,385
	8	Using public tap (at least min.service level)									
	10	Other water supply (at least min.service level)	17,482	17,482	18,636	19,791	19,791	19,791	19,791	19,791	19,791
		<i>Minimum Service Level and Above sub-total</i>	38,235	38,235	40,759	43,329	43,329	43,329	43,329	43,329	43,329
	9	Using public tap (< min.service level)									
	10	Other water supply (< min.service level)									
		No water supply									
		<i>Below Minimum Service Level sub-total</i>	—	—	—	—	—	—	—	—	—
		Total number of households	38,235	38,235	40,759	43,329	43,329	43,329	43,329	43,329	43,329
		Sanitation/sewerage:									
		Flush toilet (connected to sewer)	11,313	11,313	12,060	12,807	12,807	12,807	12,807	12,807	12,807
		Flush toilet (with septic tank)									
		Chemical toilet	8,587	8,587	9,154	9,721	9,721	9,721	9,721	9,721	9,721
		Pit toilet (ventilated)	15,173	15,173	16,174	17,177	17,177	17,177	17,177	17,177	17,177
		Other toilet provisions (> min.service level)	2,690	2,690	2,868	3,045	3,045	3,045	3,045	3,045	3,045
		<i>Minimum Service Level and Above sub-total</i>	37,763	37,763	40,255	42,751	42,751	42,751	42,751	42,751	42,751
		Bucket toilet	472	472	472	300	300	300	300		
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		<i>Below Minimum Service Level sub-total</i>	472	472	472	300	300	300	300	—	—
		Total number of households	38,235	38,235	40,727	43,051	43,051	43,051	43,051	42,751	42,751
		Energy:									
		Electricity (at least min.service level)	1,040	1,040	1,040	389	389	389	2,389	2,000	2,000
		Electricity - prepaid (min.service level)				574	574	574	574		
		<i>Minimum Service Level and Above sub-total</i>	1,040	1,040	1,040	963	963	963	2,963	2,000	2,000
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		<i>Below Minimum Service Level sub-total</i>	—	—	—	—	—	—	—	—	—
		Total number of households	1,040	1,040	1,040	963	963	963	2,963	2,000	2,000
		Refuse:									
		Removed at least once a week	11,705	11,705	11,705	23,700	23,700	23,700	34,328	36,182	38,136
		<i>Minimum Service Level and Above sub-total</i>	11,705	11,705	11,705	23,700	23,700	23,700	34,328	36,182	38,136
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		<i>Below Minimum Service Level sub-total</i>	—	—	—	—	—	—	—	—	—
		Total number of households	11,705	11,705	11,705	23,700	23,700	23,700	34,328	36,182	38,136

Table 57 MBRR SA32 – List of external mechanisms

KZN291 Mandeni - Supporting Table SA32 List of external mechanisms					
External mechanism	Yrs / Mths	Period of agreement 1. Number	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement R thousand
Name of organisation					
PRO SECURE	Yrs	3	SECURITY SERVICES	30 July 2019	8,000
CONLOG	Yrs	3	INSTALLATION OF SMART MET	31 August 2019	650
LATERAL UNISON	Yrs	3	INSURANCE	30 June 2020	900
DURBAN SANX	Yrs	3	ANIMAL POUND SERVICES	31 May 2019	800
KING CETSHWAYO	Yrs	3	MUNICIPAL DUMPING SITE	31 July 2019	1,501
BPG MASS APPRAISALS	Yrs	3	PROPERTY VALUATIONS	30 June 2022	250
ISICHAKA ESINGENAMONA	Yrs	3	LEASE OF SOLID WASTE REM	31 December 2021	1,635
M.M ABRAHAM	Yrs	3	LEASE OF OFFICE SPACE AT I	31 October 2020	750
M.M ABRAHAM	Yrs	3	LEASE OF OFFICE SPACE AT I	30 September 2021	750
MUSA & SONS TRADING	Yrs	3	SUPPLY OF BLACK & YELLOW	26 March 2020	1,200
THE CAB HOLDINGS	Yrs	3	PRINTING & MAILING OF STAT	30 June 2021	600
FNB	Yrs	3	CASH IN TRANSICT	02 March 2022	65
EQSTRA	Yrs	5	LEASE FLEET FOR POLITICAL	30 July 2021	1,900
M PROJECTS	Yrs	3	LEASE OF MUNICIPAL PARKHC	30 June 2019	750
KWIKSPACE	Yrs	3	LEASE OF MUNICIPAL PARKHC	30 June 2019	650
RURAL METRO	Yrs	3	FIRE SERVICES	30 June 2019	3,600
	Yrs	3	DEBT COLLECTION SERVICES	30 June 2022	500

2.17 Municipal manager's quality certificate

I S.G.Khuzwayo, Acting municipal manager of Mandeni Municipality, hereby certify that the mSCOA Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name **Mr S.G. Khuzwayo**

Municipal Manager of Mandeni Municipality (KZN 291)

Signature_____

Date 04th April 2019